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Item 3 of the provisional agenda

Programme and Budget Committee

Nineteenth session
Vienna, 28-30 April 2003
Item 3 of the provisional agenda

INTERIM REPORT OF THE EXTERNAL AUDITOR, FINANCIAL PERFORMANCE REPORT AND PROGRAMME PERFORMANCE REPORT FOR THE BIENNIUM 2002-2003

Interim financial performance report for the biennium 2002-2003

Submitted by the Director-General

Itemizes the utilization of financial resources during the period 1 January – 31 December 2002 in accordance with Programme and Budget Committee conclusion 1987/19.

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Introduction

1. In its conclusion 1987/19, paragraph (j), the Programme and Budget Committee requested the Director-General to submit each year to the Industrial Development Board through the Committee a clear and detailed financial performance report itemizing the utilization of financial resources.

2. The present financial report covers the period 1 January – 31 December 2002 and is based on the appropriations contained in the programme and budgets 2002-2003, as adopted by the General Conference at its ninth session (decision GC.9/Dec.17).

I. FINANCIAL STATEMENTS FOR THE 12-MONTH PERIOD OF THE BIENNIUM 2002-2003 ENDED 31 DECEMBER 2002

Certification of financial statements

Director-General's responsibility

The Director-General of the United Nations Industrial Development Organization is responsible for the preparation and integrity of the financial statements. These statements have been prepared in accordance with the United Nations System Accounting Standards and the Article X of the Financial Regulations of UNIDO and include certain amounts that are based on management's best estimates and judgements. Financial information used elsewhere is consistent with that in the financial statements. Management considers that the statements present fairly the financial position of the Organization and of funds held in trust by it, the results of their operations and the changes in their financial position.

To fulfil its responsibility, the Organization maintains systems of internal accounting controls, policies and procedures to ensure the reliability of financial information and the safeguarding of assets. The internal control systems and financial records are subject to reviews by the Internal Oversight Group and the External Auditor during their respective audits.

The following appended financial statements, comprising Statements I to IV, relevant Schedules and supporting notes, were properly prepared in accordance with the United Nations System Accounting Standards and the Article X of the Financial Regulations of UNIDO.

Sajjad Ajmal
Director and Treasurer
Financial Services Branch

Carlos A. Magariños
Director-General

Statement I

STATEMENT OF INCOME AND EXPENDITURE AND CHANGES IN RESERVES AND FUND BALANCES
for the year ended 31 December 2002

(In thousands of euros)

Heading	General Fund and Working Capital Fund (Note or schedule no. 2)		Other Headquarters funds (Note or schedule no. 3)		Technical cooperation (Note or schedule no. 4)		Eliminations (Note no. 2t)	Total 2002	Total 2000
INCOME									
Assessed contributions	66,844.9	*(a)*						66,844.9	67,324.2
Voluntary contributions	424.4		343.5	*(c)*	86,779.4			87,547.3	63,108.7
OTHER INCOME									
Revenue-producing activities	38.2	*(b)*	9,483.8					9,522.0	79.1
Funds under inter-organization arrangements					10,461.7			10,461.7	12,029.1
Jointly-financed activities			17,191.0				(2,736.8)	14,454.2	11,455.9
Income for services rendered			689.2					689.2	10,323.6
Interest income	800.0	*(c)*	143.4		978.2	*(e,f)*		1,921.6	3,297.8
Currency exchange adjustments	80.3		(744.3)	*(d)*	1,081.8	*(g)*		417.8	(4,514.0)
Miscellaneous income	776.2	*(d)*	16.5		(8.7)			784.0	401.8
TOTAL INCOME	68,964.0		27,123.1		99,292.4		(2,736.8)	192,642.7	163,506.2
EXPENDITURE									
Salaries and common staff costs	43,106.4	*(e)*	15,628.0		30,240.6		1,281.3	90,256.3	88,548.4
Operating costs and contractual services	12,448.4		8,585.0		30,816.7		(2,008.9)	49,841.2	48,338.1
Acquisitions					16,418.2		407.2	16,825.4	13,794.9
Fellowships					3,747.0		256.5	4,003.5	5,597.5
RPTC and IDDA supplementary activities	4,985.8	*(f)*					(2,672.9)	2,312.9	
Programme support costs			25.9		9,201.3			9,227.2	9,505.9
TOTAL EXPENDITURE	60,540.6		24,238.9		90,423.8		(2,736.8)	172,466.5	165,784.8
EXCESS (SHORTFALL) OF INCOME OVER EXPENDITURE	8,423.4		2,884.2		8,868.6		0.0	20,176.2	(2,278.6)
Prior biennium adjustments	9.1	*(g)*						9.1	(741.0)
Savings on or cancellation of obligations from prior biennium	4,315.7	*(h)*	578.1		293.9			5,187.7	4,230.3
Provision for delays in the collection of contributions	(4,680.4)							(4,680.4)	(9,605.8)
NET EXCESS (SHORTFALL) OF INCOME OVER EXPENDITURE	8,067.8		3,462.3	*(e)*	9,162.5			20,692.6	(8,395.1)
Transfers to reserves	2,312.9	*(f)*			118.5	*(h)*		2,431.4	439.3
Transfers from reserves	(34.1)							(34.1)	(417.6)
Credits to Member States									(6,603.4)
Transfers to and from other funds	(182.3)	*(h)*			(65.6)	*(i)*		(247.9)	
Other adjustments to reserves and fund balances			(38.5)	*(f)*	(24,296.0)		572.4	(23,762.1)	
Reserves and fund balances, beginning of year	6,427.1		3,930.5		124,789.8			135,147.4	146,977.9
RESERVES AND FUND BALANCES, END OF 2002	16,591.4		7,354.3		109,709.2		572.4	134,227.3	132,001.1

STATEMENT OF ASSETS, LIABILITIES, AND RESERVES AND FUND BALANCES
for the year ended 31 December 2002

(In thousands of euros)

Heading	General Fund and Working Capital Fund (Note or schedule no. 2)		Other Headquarters funds (Note or schedule no. 3)		Technical cooperation (Note or schedule no. 4)		Eliminations (Note 2t)	Total 2002	Total 2000
ASSETS									
Cash and term deposits	21,120.9		9,639.5		163,916.0	*(j)*		194,676.4	180,117.7
Investments									
Accounts receivable									
Assessed contributions receivable from Member States	111,404.2							111,404.2	117,590.8
Voluntary contributions receivable									
Other contributions receivable	76.0	*(m)*			6,057.7			6,133.7	974.9
Provision for delays in the collection of contributions	(106,756.7)							(106,756.7)	(106,635.6)
Interfund balances			484.0		4,515.0		572.4	5,571.4	5,719.1
Other	4,088.1	*(i)*	4,035.8		3,726.1			11,850.0	8,467.5
Other assets	600.2				4,812.8			5,413.0	5,554.6
TOTAL ASSETS	30,532.7		14,159.3		183,027.6		572.4	228,292.0	211,789.0
LIABILITIES									
Payments or contributions received in advance	1,111.8	*(k)*			13,015.0			14,126.8	2,385.8
Borrowings payable within one year	958.0	*(l)*						958.0	1,123.0
Unliquidated obligations	4,189.8		3,201.4		31,554.0			38,945.2	32,832.5
Accounts payable—interfund	1,338.1		2,220.9		2,012.4			5,571.4	5,719.1
Accounts payable—other	4,427.6	*(c,i)*	1,382.7		26,737.0	*(c,f)*		32,547.3	33,235.5
Other funds and special accounts									
Other liabilities									
Borrowings payable after one year	1,916.0	*(l)*						1,916.0	4,492.0
TOTAL LIABILITIES	13,941.3		6,805.0		73,318.4		0.0	94,064.7	79,787.9
RESERVES AND FUND BALANCES									
Operating reserves			4,828.9	*(g)*	526.9	*(k)*		5,355.8	5,446.6
Other reserves	7,950.4	*(f,r,s)*			2,263.4			10,213.8	8,245.7
Balances relating to projects funded by donors					104,087.3			104,087.3	110,512.4
Working capital funds	7,423.0	*(m)*						7,423.0	7,450.2
Surplus (deficit)	1,218.0	*(p)*	2,525.4		2,831.6		572.4	7,147.4	346.2
TOTAL RESERVES AND FUND BALANCES	16,591.4		7,354.3		109,709.2		572.4	134,227.3	132,001.1
TOTAL LIABILITIES, RESERVES AND FUND BALANCES	30,532.7		14,159.3		183,027.6		572.4	228,292.0	211,789.0

Schedule 2.1

STATUS OF ASSESSED CONTRIBUTIONS TO THE REGULAR BUDGET
As at 31 December 2002
(In euros)

Member State	Scale %	Contribution payable 1 January 2002		Credits and Collections in 2002		Contributions outstanding as at 31 December 2002		Total outstanding
		Prior Biennium	Current Biennium	Prior Biennium	Current Biennium	Prior Biennium	Current Biennium	
Afghanistan	0.010	76,778	6,684	0	0	76,778	6,684	83,462
Albania	0.004	2,491	2,674	0	0	2,491	2,674	5,165
Algeria	0.101	0	67,514	0	67,514	0	0	0
Angola	0.003	0	2,005	0	1,952	0	53	53
Argentina	1.648	2,541,205	1,101,604	0	42,447	2,541,205	1,059,157	3,600,362
Armenia	0.003	911,326	2,005	549	0	910,777	2,005	912,782
Austria	1.356	0	906,417	0	906,417	0	0	0
Azerbaijan	0.006	1,266,648	4,011	130,676	669	1,135,972	3,342	1,139,314
Bahamas	0.017	0	11,364		11,364	0	0	0
Bahrain	0.026	15,863	17,380	15,863	17,380	0	0	0
Bangladesh	0.010	0	6,684	0	6,684	0	0	0
Barbados	0.013	0	8,690	0	8,690	0	0	0
Belarus	0.027	688,578	18,048	198,728	668	489,850	17,380	507,230
Belgium	1.617	0	1,080,882	0	1,080,882	0	0	0
Belize	0.001	0	668	0	668	0	0	0
Benin	0.003	3,163	2,005	0	0	3,163	2,005	5,168
Bhutan	0.001	707	668	707	668	0	0	0
Bolivia	0.011	0	7,353	0	0	0	7,353	7,353
Bosnia and Herzegovina	0.006	215,008	4,011	104	669	214,904	3,342	218,246
Botswana	0.014	1,989	9,358	1,989	9,358	0	0	0
Brazil	2.976	12,466,047	1,989,304	0	81,885	12,466,047	1,907,419	14,373,466
Bulgaria	0.018	0	12,032	0	12,032	0	0	0
Burkina Faso	0.003	0	2,005	0	946	0	1,059	1,059
Burundi	0.001	65,035	668	0	0	65,035	668	65,703
Cambodia	0.003	0	2,005	0	0	0	2,005	2,005
Cameroon	0.013	31,440	8,690	31,440	8,690	0	0	0
Cape Verde	0.001	94,936	668	148	0	94,788	668	95,456
Central African Republic	0.001	110,145	668	0	0	110,145	668	110,813
Chad	0.001	83,440	668	0	0	83,440	668	84,108
Chile	0.266	110,260	177,807	110,260	16,662	0	161,145	161,145
China	2.196	0	1,467,915	0	1,467,915	0	0	0

Member State	Scale %	Contribution payable 1 January 2002		Credits and Collections in 2002		Contributions outstanding as at 31 December 2002		Total outstanding
		Prior Biennium	Current Biennium	Prior Biennium	Current Biennium	Prior Biennium	Current Biennium	
Colombia	0.243	0	162,434	0	15,470	0	146,964	146,964
Comoros	0.001	120,346	668	0	0	120,346	668	121,014
Congo	0.001	108,252	668	222	0	108,030	668	108,698
Costa Rica	0.028	86,223	18,717	5,604	669	80,619	18,048	98,667
Côte d'Ivoire	0.013	16,776	8,690	159	669	16,617	8,021	24,638
Croatia	0.055	27,232	36,765	27,232	36,765	0	0	0
Cuba	0.043	41,142	28,743	41,142	9,498	0	19,245	19,245
Cyprus	0.054	0	36,096	0	36,096	0	0	0
Czech Republic	0.245	0	163,770	0	163,770	0	0	0
Democratic People's Republic of Korea	0.013	14,371	8,690	668	669	13,703	8,021	21,724
Democratic Republic of the Congo	0.006	115,501	4,011	297	669	115,204	3,342	118,546
Denmark	1.073	0	717,246	0	717,246	0	0	0
Djibouti	0.001	83,440	668	0	0	83,440	668	84,108
Dominica	0.001	417	668	0	0	417	668	1,085
Dominican Republic	0.033	309,091	22,059	0	1,337	309,091	20,722	329,813
Ecuador	0.036	0	24,064	0	24,064	0	0	0
Egypt	0.115	0	76,872	0	76,872	0	0	0
El Salvador	0.026	125,036	17,380	0	669	125,036	16,711	141,747
Equatorial Guinea	0.001	120,346	668	0	0	120,346	668	121,014
Eritrea	0.001	0	668		621	0	47	47
Ethiopia	0.006	0	4,011	0	4,011	0	0	0
Fiji	0.006	9,409	4,011	9,409	4,011	0	0	0
Finland	0.748	0	500,000	0	500,000	0	0	0
France	9.264	0	6,192,512	0	6,192,512	0	0	0
Gabon	0.020	14,088	13,369	860	668	13,228	12,701	25,929
Gambia	0.001	74,709	668	0	0	74,709	668	75,377
Georgia	0.007	1,589,941	4,679	222	0	1,589,719	4,679	1,594,398
Germany	13.997	0	9,356,281	0	9,356,281	0	0	0
Ghana	0.007	10,787	4,679	877	0	9,910	4,679	14,589
Greece	0.772	0	516,043	0	516,043	0	0	0
Grenada	0.001	87,276	668	668	0	86,608	668	87,276
Guatemala	0.038	53,920	25,401	53,920	25,401	0	0	0
Guinea	0.004	16,239	2,674	0	0	16,239	2,674	18,913
Guinea-Bissau	0.001	115,455	668	0	0	115,455	668	116,123
Guyana	0.001	555	668	0	0	555	668	1,223
Haiti	0.003	0	2,005	0	67	0	1,938	1,938
Honduras	0.006	0	4,011		4,011	0	0	0

Member State	Scale %	Contribution payable 1 January 2002		Credits and Collections in 2002		Contributions outstanding as at 31 December 2002		Total outstanding
		Prior Biennium	Current Biennium	Prior Biennium	Current Biennium	Prior Biennium	Current Biennium	
Hungary	0.172	0	114,974	0	114,974	0	0	0
India	0.489	0	326,872	0	326,872	0	0	0
Indonesia	0.286	170,030	191,176	170,030	191,176	0	0	0
Iran (Islamic Republic of)	0.336	282,794	224,599	75,114	9,024	207,680	215,575	423,255
Iraq	0.145	1,481,289	96,926	0	4,679	1,481,289	92,247	1,573,536
Ireland	0.422	0	282,086	0	282,086	0	0	0
Israel	0.594	0	397,059	0	397,059	0	0	0
Italy	7.256	0	4,850,266	0	4,850,266	0	0	0
Jamaica	0.006	5,184	4,011	223	669	4,961	3,342	8,303
Japan	22.000	0	14,705,878	0	14,705,878	0	0	0
Jordan	0.011	0	7,353	0	7,353	0	0	0
Kazakhstan	0.041	472,854	27,407	0	1,003	472,854	26,404	499,258
Kenya	0.011	8,238	7,353	0	0	8,238	7,353	15,591
Kuwait	0.210	0	140,374	0	140,374	0	0	0
Kyrgyzstan	0.001	374,908	668	465	0	374,443	668	375,111
Lao People's Democratic Republic	0.001	0	668	0	668	0	0	0
Lebanon	0.017	31,906	11,364	31,906	1,420	0	9,944	9,944
Lesotho	0.001	2,648	668	2,648	668	0	0	0
Liberia	0.001	86,022	668	0	0	86,022	668	86,690
Libyan Arab Jamahiriya	0.095	270,622	63,503	199,532	2,340	71,090	61,163	132,253
Lithuania	0.024	609,799	16,043	206,021	669	403,778	15,374	419,152
Luxembourg	0.114	0	76,204	0	76,204	0	0	0
Madagascar	0.004	0	2,674	0	69	0	2,605	2,605
Malawi	0.003	34,208	2,005	0	0	34,208	2,005	36,213
Malaysia	0.337	0	225,268	0	225,268	0	0	0
Maldives	0.001	1,021	668	1,657	0	1,021	668	1,689
Mali	0.003	15,175	2,005	0	0	15,175	2,005	17,180
Malta	0.021	0	14,037	0	14,037	0	0	0
Mauritania	0.001	112,649	668	0	0	112,649	668	113,317
Mauritius	0.016	0	10,695	0	10,695	0	0	0
Mexico	1.557	0	1,040,776	0	1,040,776	0	0	0
Mongolia	0.001	0	668	0	148	0	520	520
Morocco	0.064	0	42,781	0	42,781	0	0	0
Mozambique	0.001	0	668	0	668	0	0	0
Myanmar	0.010	8,462	6,684	149	0	8,313	6,684	14,997
Namibia	0.010	0	6,684	0	0	0	6,684	6,684
Nepal	0.006	0	4,011	0	4,011	0	0	0

Member State	Scale %	Contribution payable 1 January 2002		Credits and Collections in 2002		Contributions outstanding as at 31 December 2002		Total outstanding
		Prior Biennium	Current Biennium	Prior Biennium	Current Biennium	Prior Biennium	Current Biennium	
Netherlands	2.489	0	1,663,770	0	1,663,770	0	0	0
New Zealand	0.345	0	230,615	0	230,615	0	0	0
Nicaragua	0.001	133,310	668	0	0	133,310	668	133,978
Niger	0.001	94,971	668	148	0	94,823	668	95,491
Nigeria	0.080	107,093	53,476	107,093	3,929	0	49,547	49,547
Norway	0.927	0	619,653	0	619,653	0	0	0
Oman	0.088	0	58,824	0	58,824	0	0	0
Pakistan	0.087	44,055	58,155	44,055	11,696	0	46,459	46,459
Panama	0.026	17,056	17,380	17,056	17,380	0	0	0
Papua New Guinea	0.009	36,344	6,016	36,344	6,016	0	0	0
Paraguay	0.023	34,308	15,374	0	668	34,308	14,706	49,014
Peru	0.169	84,432	112,968	3,661	4,010	80,771	108,958	189,729
Philippines	0.144	63,960	96,257	63,960	84,359	0	11,898	11,898
Poland	0.454	0	303,476	0	303,476	0	0	0
Portugal	0.663	427,169	443,182	427,169	443,182	0	0	0
Qatar	0.048	79,281	32,086	74,840	1,337	4,441	30,749	35,190
Republic of Korea	2.653	0	1,773,396	0	1,773,396	0	0	0
Republic of Moldova	0.003	869,774	2,005	891	0	868,883	2,005	870,888
Romania	0.084	0	56,150	0	56,150	0	0	0
Russian Federation	1.706	38,013	1,140,374	38,013	1,140,374	0	0	0
Rwanda	0.001	54,389	668	46,459	0	7,930	668	8,598
Saint Kitts and Nevis	0.001	1,023	668	1,023	668	0	0	0
Saint Lucia	0.003	0	2,005	0	2,005	0	0	0
Saint Vincent and the Grenadines	0.001	109,615	668	0	0	109,615	668	110,283
Sao Tome and Principe	0.001	120,346	668	0	0	120,346	668	121,014
Saudi Arabia	0.795	0	531,417	0	531,417	0	0	0
Senegal	0.007	0	4,679	0	251	0	4,428	4,428
Seychelles	0.003	41,842	2,005	0	0	41,842	2,005	43,847
Sierra Leone	0.001	89,898	668	2,883	0	87,015	668	87,683
Slovakia	0.061	0	40,776	0	40,776	0	0	0
Slovenia	0.115	184,053	76,872	0	3,008	184,053	73,864	257,917
Somalia	0.001	133,323	668	0	0	133,323	668	133,991
South Africa	0.584	0	390,374	0	390,374	0	0	0
Spain	3.610	0	2,413,101	0	2,413,101	0	0	0
Sri Lanka	0.023	0	15,374	0	15,038	0	336	336
Sudan	0.009	6,362	6,016	6,362	6,016	0	0	0
Suriname	0.003	37,768	2,005	223	0	37,545	2,005	39,550

Member State	Scale %	Contribution payable 1 January 2002		Credits and Collections in 2002		Contributions outstanding as at 31 December 2002		Total outstanding
		Prior Biennium	Current Biennium	Prior Biennium	Current Biennium	Prior Biennium	Current Biennium	
Swaziland	0.003	0	2,005	0	2,005	0	0	0
Sweden	1.471	0	983,289	0	983,289	0	0	0
Switzerland	1.811	0	1,210,562	0	1,210,562	0	0	0
Syrian Arab Republic	0.115	0	76,872	0	76,872	0	0	0
Tajikistan	0.001	276,442	668	372	0	276,070	668	276,738
Thailand	0.361	0	241,310	0	147,919	0	93,391	93,391
TFYR of Macedonia	0.009	7,643	6,016	7,490	668	153	5,348	5,501
Togo	0.001	71,142	668	0	0	71,142	668	71,810
Tonga	0.001	570	668	0	0	570	668	1,238
Trinidad and Tobago	0.023	41,457	15,374	41,457	15,374	0	0	0
Tunisia	0.044	0	29,412	0	28,311	0	1,101	1,101
Turkey	0.631	415,660	421,791	415,660	421,791	0	0	0
Turkmenistan	0.004	149,960	2,674	0	0	149,960	2,674	152,634
Uganda	0.007	48,330	4,679	48,330	4,679	0	0	0
Ukraine	0.075	8,678,076	50,134	1,034,195	2,005	7,643,881	48,129	7,692,010
United Arab Emirates	0.290	167,454	193,851	167,454	193,851	0	0	0
United Kingdom	7.932	0	5,302,138	0	5,302,138	0	0	0
United Republic of Tanzania	0.006	65,475	4,011	65,440	669	35	3,342	3,377
Uruguay	0.115	90,601	76,872	32,985	2,674	57,616	74,198	131,814
Uzbekistan	0.016	450,891	10,695	1,559	668	449,332	10,027	459,359
Vanuatu	0.001	77,011	668	0	0	77,011	668	77,679
Venezuela	0.299	0	199,867	0	53,588	0	146,279	146,279
Viet Nam	0.018	0	12,032	0	12,032	0	0	0
Yemen	0.010	12,911	6,684	12,911	6,684	0	0	0
Yugoslavia (new)	0.028	0	18,717		18,717	0	0	0
Zambia	0.003	51,558	2,005	0	0	51,558	2,005	53,563
Zimbabwe	0.011	8,641	7,353	8,641	7,353	0	0	0
Subtotal:	100.000	39,215,627	66,844,900	4,026,163	62,197,422	35,191,121	4,647,478	39,838,599
FORMER MEMBER STATES:								
USA		69,264,731	0	0	0	69,264,731	0	69,264,731
Yugoslavia (former)		2,084,891	0	3,075	0	2,081,816	0	2,081,816
Subtotal:		71,349,622	0	3,075	0	71,346,547	0	71,346,547

Member State	Scale %	Contribution payable 1 January 2002		Credits and Collections in 2002		Contributions outstanding as at 31 December 2002		Total outstanding
		Prior Biennium	Current Biennium	Prior Biennium	Current Biennium	Prior Biennium	Current Biennium	
NEW MEMBER STATES:								
Chad		9,812	0	0	0	9,812	0	9,812
Comoros		12,978	0	0	0	12,978	0	12,978
Djibouti		8,790	0	0	0	8,790	0	8,790
El Salvador		17,250	0	0	0	17,250	0	17,250
Equatorial Guinea		12,978	0	0	0	12,978	0	12,978
Kazakhstan		75,534	0	2,227	0	73,307	0	73,307
Liberia		18,777	0	148	0	18,629	0	18,629
Sao Tome + Principe		12,978	0	0	0	12,978	0	12,978
South Africa		267,736	0	267,736	0	0	0	0
Turkmenistan		52,332	0	0	0	52,332	0	52,332
Yugoslavia (new)		29,682	0	29,682	0	0	0	0
Subtotal:		518,847	0	299,793	0	219,054	0	219,054
TOTAL:		111,084,096	66,844,900	4,329,031	62,197,422	106,756,722	4,647,478	111,404,200
1986		50,480		0		50,480		50,480
1987		53,410		0		53,410		53,410
1988		82,284		0		82,284		82,284
1989		110,515		519		109,996		109,996
1990		529,007		3,223		525,784		525,784
1991		773,873		3,847		770,026		770,026
1992		973,344		875		972,469		972,469
1993		1,305,744		119,765		1,185,979		1,185,979
1994		8,918,511		632,636		8,285,875		8,285,875
1995		39,595,768		679,819		38,915,949		38,915,949
1996		35,223,929		29,047		35,194,882		35,194,882
1997		5,188,057		57,324		5,130,733		5,130,733
1998		4,307,801		211,572		4,096,229		4,096,229
1999		4,963,493		157,624		4,805,869		4,805,869
2000		3,551,594		434,141		3,117,453		3,117,453
2001		5,456,286		1,996,982		3,459,304		3,459,304
2002			66,844,900		62,197,422		4,647,478	4,647,478
TOTAL		111,084,096	66,844,900	4,327,374	62,197,422	106,756,722	4,647,478	111,404,200

Schedule 2.2

STATUS OF ADVANCES TO THE WORKING CAPITAL FUND
As at 31 December 2002
(In euros)

Member State	Scale of assessment (per cent)	Amount of advance	Collections 1986-2001	Adjustments 2002	Collections 2002	Amount outstanding
Afghanistan	0.0100	742	296			446
Albania	0.0040	297	297			-
Algeria	0.1010	7,497	9,428	(1,931)		-
Angola	0.0030	223	1,114	(891)		-
Argentina	1.6480	122,332	120,921			1,411
Armenia	0.0030	223	668	(445)		-
Austria	1.3560	100,657	103,328	(2,671)		-
Azerbaijan	0.0060	445	1,188	(743)		-
Bahamas	0.0170	1,262	1,633	(371)		-
Bahrain	0.0260	1,930	1,856		74	-
Bangladesh	0.0100	742	1,114	(372)		-
Barbados	0.0130	965	891		74	-
Belarus	0.0270	2,004	6,235	(4,231)		-
Belgium	1.6170	120,031	121,070	(1,039)		-
Belize	0.0010	74	74			-
Benin	0.0030	223	223			-
Bhutan	0.0010	74	74			-
Bolivia	0.0110	817	742			75
Bosnia and Herzegovina	0.0060	445	520	(75)		-
Botswana	0.0140	1,039	1,114	(75)		-
Brazil	2.9760	220,910	161,302			59,608
Bulgaria	0.0180	1,336	1,188		148	-
Burkina Faso	0.0030	223	223			-
Burundi	0.0010	74	74			-
Cambodia	0.0030	223	74			149
Cameroon	0.0130	965	1,410	(445)		-
Cape Verde	0.0010	74	222	(148)		-
Central African Republic	0.0010	74	74			-

Member State	Scale of assessment (per cent)	Amount of advance	Collections 1986-2001	Adjustments 2002	Collections 2002	Amount outstanding
Chad	0.0010	74	74			-
Chile	0.2660	19,745	14,920		4,825	-
China	2.1960	163,010	109,119		53,891	-
Colombia	0.2430	18,038	11,951		6,087	-
Comoros	0.0010	74	74			-
Congo	0.0010	74	296	(222)		-
Costa Rica	0.0280	2,078	1,782		296	-
Côte d'Ivoire	0.0130	965	904		61	-
Croatia	0.0550	4,083	3,266		817	-
Cuba	0.0430	3,192	2,673		519	-
Cyprus	0.0540	4,008	3,712		296	-
Czech Republic	0.2450	18,186	11,729		6,457	-
Democratic People's Republic of Korea	0.0130	965	1,633	(668)		-
Democratic Republic of the Congo	0.0060	445	742	(297)		-
Denmark	1.0730	79,650	75,863		3,787	-
Djibouti	0.0010	74	74			-
Dominica	0.0010	74	74			-
Dominican Republic	0.0330	2,450	252			2,198
Ecuador	0.0360	2,672	2,227		445	-
Egypt	0.1150	8,536	7,127		1,409	-
El Salvador	0.0260	1,930	92			1,838
Equatorial Guinea	0.0010	74	74			-
Eritrea	0.0010	74	74			-
Ethiopia	0.0060	445	668	(223)		-
Fiji	0.0060	445	445			-
Finland	0.7480	55,524	59,532	(4,008)		-
France	9.2640	687,670	717,732	(30,062)		-
Gabon	0.0200	1,485	1,633	(148)		-
Gambia	0.0010	74	74			-
Georgia	0.0070	520	742	(222)		-
Germany	13.9970	1,039,002	1,080,941	(41,939)		-
Ghana	0.0070	520	742	(222)		-

Member State	Scale of assessment (per cent)	Amount of advance	Collections 1986-2001	Adjustments 2002	Collections 2002	Amount outstanding
Greece	0.7720	57,306	38,526		18,780	-
Grenada	0.0010	74	74			-
Guatemala	0.0380	2,821	2,005		816	-
Guinea	0.0040	297	297			-
Guinea-Bissau	0.0010	74	74			-
Guyana	0.0010	74	74			-
Haiti	0.0030	223	223			-
Honduras	0.0060	445	296		149	-
Hungary	0.1720	12,768	13,139	(371)		-
India	0.4890	36,299	32,810		3,489	-
Indonesia	0.2860	21,230	20,636		594	-
Iran (Islamic Republic of)	0.3360	24,941	17,667		7,274	-
Iraq	0.1450	10,763	3,489			7,274
Ireland	0.4220	31,325	24,570		6,755	-
Israel	0.5940	44,093	38,377		5,716	-
Italy	7.2560	538,616	596,218	(57,602)		-
Jamaica	0.0060	445	668	(223)		-
Japan	22.0000	1,633,067	1,855,758	(222,691)		-
Jordan	0.0110	817	668		149	-
Kazakhstan	0.0410	3,043	5,270	(2,227)		-
Kenya	0.0110	817	742			75
Kuwait	0.2100	15,588	14,030		1,558	-
Kyrgyzstan	0.0010	74	539	(465)		-
Lao People's Democratic Republic	0.0010	74	74			-
Lebanon	0.0170	1,262	1,782	(520)		-
Lesotho	0.0010	74	222	(148)		-
Liberia	0.0010	74	222	(148)		-
Libyan Arab Jamahiriya	0.0950	7,052	13,584	(6,532)		-
Lithuania	0.0240	1,782	1,633		149	-
Luxembourg	0.1140	8,462	7,497		965	-
Madagascar	0.0040	297	297			-
Malawi	0.0030	223	223			-

Member State	Scale of assessment (per cent)	Amount of advance	Collections 1986-2001	Adjustments 2002	Collections 2002	Amount outstanding
Malaysia	0.3370	25,016	20,042		4,974	-
Maldives	0.0010	74	74			-
Mali	0.0030	223	223			-
Malta	0.0210	1,559	1,559			-
Mauritania	0.0010	74	74			-
Mauritius	0.0160	1,188	965		223	-
Mexico	1.5570	115,577	109,119		6,458	-
Mongolia	0.0010	74	222	(148)		-
Morocco	0.0640	4,751	4,528		223	-
Mozambique	0.0010	74	74			-
Myanmar	0.0100	742	891	(149)		-
Namibia	0.0100	742	742			-
Nepal	0.0060	445	445			-
Netherlands	2.4890	184,760	178,969		5,791	-
New Zealand	0.3450	25,609	24,274		1,335	-
Nicaragua	0.0010	74	74			-
Niger	0.0010	74	222	(148)		-
Nigeria	0.0800	5,938	3,489		2,449	-
Norway	0.9270	68,812	66,881		1,931	-
Oman	0.0880	6,532	5,568		964	-
Pakistan	0.0870	6,458	6,458			-
Panama	0.0260	1,930	1,410		520	-
Papua New Guinea	0.0090	668	742	(74)		-
Paraguay	0.0230	1,707	904			803
Peru	0.1690	12,545	10,838		1,707	-
Philippines	0.1440	10,689	8,908		1,781	-
Poland	0.4540	33,701	21,527		12,174	-
Portugal	0.6630	49,215	47,285		1,930	-
Qatar	0.0480	3,563	3,637	(74)		-
Republic of Korea	2.6530	196,933	110,307		86,626	-
Republic of Moldova	0.0030	223	1,114	(891)		-
Romania	0.0840	6,235	6,161		74	-

Member State	Scale of assessment (per cent)	Amount of advance	Collections 1986-2001	Adjustments 2002	Collections 2002	Amount outstanding
Russian Federation	1.7060	126,637	118,100		8,537	-
Rwanda	0.0010	74	74			-
Saint Kitts and Nevis	0.0010	74	74			-
Saint Lucia	0.0030	223	74		149	-
Saint Vincent and the Grenadines	0.0010	74	74			-
Sao Tome and Principe	0.0010	74	74			-
Saudi Arabia	0.7950	59,014	61,611	(2,597)		-
Senegal	0.0070	520	668	(148)		-
Seychelles	0.0030	223	223			-
Sierra Leone	0.0010	74	74			-
Slovakia	0.0610	4,528	3,860		668	-
Slovenia	0.1150	8,536	6,681			1,855
Somalia	0.0010	74	74			-
South Africa	0.5840	43,350	30,434		12,916	-
Spain	3.6100	267,972	284,154	(16,182)		-
Sri Lanka	0.0230	1,707	1,336		371	-
Sudan	0.0090	668	742	(74)		-
Suriname	0.0030	223	446	(223)		-
Swaziland	0.0030	223	223			-
Sweden	1.4710	109,193	118,323	(9,130)		-
Switzerland	1.8110	134,432	133,244		1,188	-
Syrian Arab Republic	0.1150	8,536	7,052		1,484	-
Tajikistan	0.0010	74	446	(372)		-
Thailand	0.3610	26,797	18,632		8,165	-
TFYR of Macedonia	0.0090	668	446		222	-
Togo	0.0010	74	74			-
Tonga	0.0010	74	74			-
Trinidad and Tobago	0.0230	1,707	1,782	(75)		-
Tunisia	0.0440	3,266	3,043		223	-
Turkey	0.6310	46,839	48,250	(1,411)		-
Turkmenistan	0.0040	297	0			297
Uganda	0.0070	520	446		74	-

Member State	Scale of assessment (per cent)	Amount of advance	Collections 1986-2001	Adjustments 2002	Collections 2002	Amount outstanding
Ukraine	0.0750	5,567	20,859	(15,292)		-
United Arab Emirates	0.2900	21,527	19,522		2,005	-
United Kingdom	7.9320	588,795	558,360		30,435	-
United Republic of Tanzania	0.0060	445	296		149	-
Uruguay	0.1150	8,536	5,270		3,266	-
Uzbekistan	0.0160	1,188	2,747	(1,559)		-
Vanuatu	0.0010	74	74			-
Venezuela	0.2990	22,195	17,519		4,676	-
Viet Nam	0.0180	1,336	742		594	-
Yemen	0.0100	742	1,114	(372)		-
Yugoslavia (new)	0.0280	2,078	0		2,078	-
Zambia	0.0030	223	223			-
Zimbabwe	0.0110	817	965	(148)		-
TOTAL (169 States)	**100.0000**	**7,423,030**	**7,446,503**	**(431,442)**	**331,940**	**76,029**

Statement III

GENERAL FUND AND WORKING CAPITAL FUND

Statement of cash flow for the year ended 31 December 2002

(In thousands of euros)

			Total 2002	Total 2000
Cash flows from operating activities				
Excess (shortfall) of income over expenditure (Statement I)			8,423.4	8,912.0
(Increase) decrease in contributions receivable			(389.9)	(251.3)
(Increase) decrease other accounts receivable			5,235.7	2,496.8
Increase (decrease) in contributions or payments received in advance			955.4	418.1
Increase (decrease) in unliquidated obligations			(9,908.9)	(7,456.0)
Increase (decrease) in accounts payable			(5,416.9)	(2,269.4)
Increase (decrease) in other funds and special accounts			(182.3)	
Less:	Interest income	800.0		
	Currency exchange adjustments	80.3	880.3	(1,580.6)
Net cash from operating activities			(2,163.8)	3,430.8
Cash flows from investing and financing activities				
Increase (decrease) in interfund balances			(909.9)	3,859.2
Increase (decrease) in borrowings			(1,618.0)	(1,123.0)
Plus:	Interest income	800.0		
	Currency exchange adjustments	80.3	880.3	(1,580.6)
Net cash from investing and financing activities			(1,647.6)	1,155.6
Cash flows from other sources				
Savings on or cancellation of prior period's obligations			4,315.7	3,760.4
Transfers to (from) reserves			2,278.8	(106.2)
Credits to Member States and prior bienniums adjustments			9.1	(7,344.3)
Net cash from other sources			6,603.6	(3,690.1)
Net increase (decrease) in cash			2,792.2	896.3
Cash at beginning of period			18,328.7	14,486.9
Cash at end of period (Statement II)			21,120.9	15,383.2

Note to the above:

1. 2000 comparative figures converted at the rate of US$1 = €1.123.
2. For 2002, Buildings Management is not reported as part of the General Fund, but under other Headquarters funds.

GENERAL FUND

Status of appropriations by major programme for the year ended 31 December 2002

(In thousands of euros)

Major Programme	Original appropriation	Transfers/ other adjustments	Revised appropriation	Disbursements during 2002	Unliquidated obligations as at 31/12/02	Total expenditure	Balance of appropriations
Governing Bodies	2,356.9	0.0	2,356.9	1,856.7	0.0	1,856.7	500.2
General Management	4,810.6	0.0	4,810.6	5,070.9	466.1	5,537.0	(726.4)
Strengthening of Industrial Capacities	18,700.6	0.0	18,700.6	14,156.2	556.4	14,712.6	3,988.0
Cleaner and Sustainable Industrial Development	11,072.5	0.0	11,072.5	9,921.5	188.7	10,110.2	962.3
Regional Programme	16,035.6	0.0	16,035.6	12,075.4	1,738.8	13,814.2	2,221.4
Administration	9,229.9	0.0	9,229.9	8,204.1	413.6	8,617.7	612.2
Indirect Costs	6,134.3	0.0	6,134.3	5,578.9	313.3	5,892.2	242.1
Total A	68,340.4	0.0	68,340.4	56,863.7	3,676.9	60,540.6	7,799.8
	Approved estimates			**Actual income**	**Accrued income**	**Total income**	**(Excess) shortfall**
Income							
Regional Programme	1,236.9		1,236.9	424.4	0.0	424.4	812.5
Miscellaneous Income							
(i) Estimated in GC.9/Dec.17	857.9	0.0	857.9	838.2	0.0	838.2	19.7
(ii) Not estimated in GC.9/Dec.17				856.5	0.0	856.5	(856.5)
Total B	2,094.8	0.0	2,094.8	2,119.1	0.0	2,119.1	(24.3)
Total A - B	66,245.6	0.0	66,245.6	54,744.6	3,676.9	58,421.5	7,824.1

Schedule 4.1

GENERAL FUND

Status of appropriations by major object of expenditure for the year ended 31 December 2002

(In thousands of euros)

Major object of expenditure	Original appropriation	Transfers/other adjustments	Revised appropriation	Disbursements during 2002	Unliquidated obligations as at 31/12/02	Total expenditure	Balance of appropriations
Salaries and common staff costs	44,960.3	0.0	44,960.3	41,058.0	1,138.6	42,196.6	2,763.7
Official travel	1,341.8	0.0	1,341.8	636.3	273.5	909.8	432.0
Operating costs	12,104.6	0.0	12,104.6	8,558.4	1,592.0	10,150.4	1,954.2
Information and communication technology	3,185.4	0.0	3,185.4	1,873.7	424.3	2,298.0	887.4
RPTC and IDDA supplementary activities	6,748.3	0.0	6,748.3	4,737.3	248.5	4,985.8	1,762.5
Total A	68,340.4	0.0	68,340.4	56,863.7	3,676.9	60,540.6	7,799.8
Income	**Approved estimates**			**Actual income**	**Accrued income**	**Total income**	**(Excess) shortfall**
Salaries and common staff costs	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Official travel	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Operating costs	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Information and communication technology	0.0	0.0	0.0	0.0	0.0	0.0	0.0
RPTC and IDDA supplementary activities	1,236.9	0.0	1,236.9	424.4	0.0	424.4	812.5
Total B	1,236.9	0.0	1,236.9	424.4	0.0	424.4	812.5
Miscellaneous income							
(i) Estimated in GC.9/Dec.17	857.9	0.0	857.9	838.2	0.0	838.2	19.7
(ii) Not estimated in GC.9/Dec.17		0.0	0.0	856.5	0.0	856.5	(856.5)
Total C	857.9	0.0	857.9	1,694.7	0.0	1,694.7	(836.8)
Total A—B—C	66,245.6	0.0	66,245.6	54,744.6	3,676.9	58,421.5	7,824.1

Schedule 4.1 (Supplementary)

OTHER HEADQUARTERS FUNDS

BUILDINGS MANAGEMENT SERVICES

Status of appropriations by major object of expenditure for the year ended 31 December 2002

(In thousands of euros)

Major object of expenditure	Original appropriation	Transfers/other adjustments	Revised appropriation	Disbursements during 2002	Unliquidated obligations as at 31/12/02	Total expenditure	Balance of appropriations
Salaries and common staff costs	6,302.0	0.0	6,302.0	5,694.4	4.0	5,698.4	603.6
Official travel	5.5	0.0	5.5	1.9	1.7	3.6	1.9
Operating costs	12,245.8	0.0	12,245.8	5,372.9	2,489.3	7,862.2	4,383.6
Information and communication technology	0.0	0.0	0.0	0.0	0.0	0.0	0.0
RPTC and IDDA supplementary activities	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total A	18,553.3	0.0	18,553.3	11,069.2	2,495.0	13,564.2	4,989.1
	Approved estimates			**Actual income**	**Accrued income**	**Total income**	**(Excess) shortfall**
Income							
Common Buildings Management	17,762.7	0.0	17,762.7	16,971.0	220.0	17,191.0	571.7
Joint Buildings Management	790.6	0.0	790.6	539.7	149.5	689.2	101.4
Total B	18,553.3	0.0	18,553.3	17,510.7	369.5	17,880.2	673.1
Miscellaneous income							
Not estimated in GC.9/Dec.17	0.0	0.0	0.0	73.8	0.0	73.8	(73.8)
Total C	0.0	0.0	0.0	73.8	0.0	73.8	(73.8)
Total A - B - C	0.0	0.0	0.0	(6,515.3)	2,125.5	(4,389.8)	4,389.8*

* Of the €4,389.8 balance of appropriation reported above, €4,386.5 is attributed to the Special Account for Buildings Management costs not subject to financial regulations 4.2(b) and 4.2(c).

II. NOTES TO THE FINANCIAL STATEMENTS

Preface

UNIDO MISSION STATEMENT

The United Nations Industrial Development Organization (UNIDO) is a specialized United Nations agency dedicated to promoting sustainable industrial development in countries with developing and transition economies.

UNIDO draws on the wide industrial expertise of its staff and the resources of government, the private sector and other United Nations multilateral and national institutions to create productive employment, competitive economies and a sound environment.

Fostering growth and productivity is central to UNIDO's highly focused sectoral, regional and country-specific programmes. UNIDO is committed to maintaining excellent standards in the implementation of these programmes with the ultimate aim of assisting the developing countries and transition economies in their struggle against poverty and marginalization.

Note 1. Summary of significant accounting policies

The following are the significant accounting policies of UNIDO:

(a) UNIDO's accounts are maintained in accordance with the Financial Regulations of UNIDO, as adopted by the General Conference, the rules formulated thereunder, administrative instructions in force as at the date of conversion of UNIDO into a specialized agency, and in conformity with generally accepted government accounting principles. UNIDO follows the accounting standards as approved by the Consultative Committee on Administrative Questions (now High-Level Committee on Management—HLCM) on behalf of the Administrative Committee on Coordination (now the United Nations System Chief Executives Board for Coordination—CEB) at its eighty-third session and requested by General Assembly resolution 48/216, and the financial statements, of which these notes form an integral part, are presented in accordance with those standards, as shown below:

(i) Going concern, consistency and accrual are fundamental accounting assumptions. Where fundamental accounting assumptions are followed in financial statements, disclosure of such assumptions is not required. If a fundamental accounting assumption is not followed, that fact should be disclosed together with the reasons;

(ii) Prudence, substance over form, and materiality should govern the selection and application of accounting policies;

(iii) Financial statements should include clear and concise disclosure of all significant accounting policies, which have been used;

(iv) The disclosure of the significant accounting policies used should be an integral part of the financial statements. The policies should normally be disclosed in one place;

(v) Financial statements should show corresponding figures for the preceding period. To facilitate comparison, the comparative figures for 2000 have been converted to euros at the rate of US$1 = €1.123;

(vi) A change in an accounting policy that has a material effect in the current period or may have a material effect in subsequent periods should be disclosed together with the reasons. The effect of the change should, if material, be disclosed and quantified.

(b) The UNIDO financial statements are prepared on the historical cost basis of accounting and have not been adjusted to reflect the effects of changing prices for goods and services.

(c) Until 31 December 2001, the accounts of the Organization were presented in United States dollars. With effect from January 2002, the currency of accounts was changed to euros (GC.8/Dec.16). Therefore, all assets, liabilities, reserves and fund balances of the General Fund and other Headquarters funds were converted to euros on 1 January 2002, using the exchange rates approved by the General Conference (GC.9/Dec.15), i.e. ATS 13.7603 = €1 and $1 = €1.123 (or €1=$0.890472). Most extrabudgetary activities, however, continue to be in United States dollars. Therefore, for the Organization's consolidated financial statements purposes, these accounts are converted to euros using the methodology stated in note 1(g) below.

(d) Fund accounting. The UNIDO accounts are maintained on a "fund accounting" basis. Separate funds for general or special purposes may be established by the General Conference or the Director-General. Each fund is maintained as a distinct financial and accounting entity, with a separate self-balancing double-entry group of accounts.

(e) The fiscal period of the Organization is a biennium and consists of two consecutive calendar years.

(f) The income, expenditure, assets and liabilities are recognized on the accrual basis of accounting except for trust funds and the Industrial Development Fund. For these funds, the actual contributions received from donors are shown as income (voluntary contributions), which are held in trust by UNIDO for the purpose of carrying out the implementation of projects/activities agreed to by the donors.

(g) Translation of currencies. In accordance with General Conference decision GC.8/Dec.16, the accounts of the Organization are presented in euros. Transactions in other currencies are converted into euros as follows: income, expenditure and changes in reserves and fund balances at the applicable United Nations operational rate of exchange at the deemed date of the transaction; and assets, liabilities, reserves and fund balances at the applicable United Nations operational rate of exchange at the date of the statement (see also note 1 (q) below on Other income – Gain/loss on exchange).

(h) Assessed contributions. In accordance with financial regulation 5.6, payments made by a Member State are credited first to the Working Capital Fund and then to the contributions due, in the order in which the Member State was assessed.

(i) Contributions in kind received or receivable and the value thereof are not accounted for, but disclosed in the notes to the financial statements.

(j) Funds on deposit in interest-bearing bank accounts, certificates of deposit, time deposits and call accounts are shown in the statements of assets and liabilities as cash.

(k) Deferred charges—shown under other assets:

(i) Deferred charges comprise expenditure items that are not properly chargeable in the current fiscal period and that will be charged as expenditure in a subsequent fiscal period;

(ii) For balance sheet statement purposes only, that portion of the education grant advance which is assumed to pertain to the scholastic year completed as at the date of the financial statement is shown under deferred charges. The full amount of the advance is maintained in the accounts receivable from staff members until such time as the staff member produces the required proof of entitlement to the education grant, at which time the budgetary account is charged and the advance recovered.

(l) Fixed assets. Furniture, equipment, other non-expendables and leasehold improvements are not included in the assets of the Organization. Acquisitions are charged against budgetary accounts in the year of purchase.

(m) Commitments approved for future fiscal periods that are necessary in the interest of UNIDO, in accordance with financial rule 109.6, are disclosed in the notes to the financial statements of the respective fund. Such commitments are normally restricted to administrative requirements of a continuing nature and to other contracts or legal obligations where long lead times are required for delivery.

(n) No provision is made in the General Fund for repatriation grant entitlements or to meet contingencies under appendix D to the Staff Rules of UNIDO, as funds are provided for in the budget appropriations. However, provision is made to meet repatriation grant entitlements and contingency liabilities for compensation payments under appendix D to the Staff Rules for personnel financed by technical cooperation other than UNDP and are calculated on the basis of one per cent of net base pay.

(o) Special accounts. The General Conference at its ninth session established, with effect from 1 January 2002, a special account for Buildings Management Services (for other than staff costs) and a

special account for the Regular Programme of Technical Cooperation (GC.9/Dec.14). These special accounts are not subject to financial regulations 4.2(b) and 4.2(c); thus the budgetary surplus due to Member States excludes the balances available in these special accounts.

(p) Surpluses due to Member States are funds available for credit to Member States arising from unencumbered balances of the appropriations and contributions from new Member States. In accordance with financial regulation 4.2 (b), the unencumbered balance of the appropriations at the end of a fiscal period shall be surrendered to the Members at the end of the first calendar year following the fiscal period after deducting therefrom any contributions from Members relating to that fiscal period which remain unpaid, and shall be credited to the Members in proportion to their assessed contributions in accordance with the provisions of financial regulations 4.2(c) and 5.2(d). Financial regulation 4.2(c) requires that, before the respective share of the balance is surrendered to any Member that has outstanding regular budget obligations to the Organization, those obligations shall first be brought to account. Financial regulation 5.2(d) requires that any balance of the appropriations shall be adjusted against future assessments unless the General Conference decides otherwise.

(q) Other income:

(i) The net income from sales of publications is reported under revenue-producing activities. Gross income and related costs are disclosed in the note to the General Fund (note 2(b));

(ii) Refunds of expenditures charged to prior fiscal periods are credited to miscellaneous income;

(iii) Moneys accepted in respect of which no purpose is specified are treated as miscellaneous income;

(iv) Gain/loss on exchange arising from transactions in currencies other than euros, for the general and other Headquarters funds and revaluation of assets and liabilities held in local currencies;

(v) Gain/loss on exchange arising from transactions in currencies other than dollars (i.e. for the dollar-based extrabudgetary technical cooperation activities in annex II, dollar statements) and the revaluation of assets and liabilities held in local currencies. However, for the euro presentation of dollar-based extrabudgetary activities in annex II, euro statements, the gain/loss resulting from the revaluation of non-euro assets, liabilities, reserves and funds balances is shown as "other adjustments to reserves and funds balances" on statement 1;

(vi) Proceeds from the sale of surplus property are credited to the miscellaneous income of the respective funds.

(r) Technical cooperation accounts:

(i) The appropriations for the Regular Programme of Technical Cooperation (RPTC) are administered in accordance with the financial regulations of UNIDO, and in accordance with the General Conference decision mentioned in paragraph (o) above;

(ii) Allocation income—UNDP. The figures for allocation income from UNDP and UNDP trust funds are the same as reported for total expenditure in line with UNDP procedures, which require that allocations be adjusted to equal actual expenditure;

(iii) Contributions income—trust funds and Industrial Development Fund (IDF). Voluntary contributions from Governments or other donors are recorded upon receipt of cash. The

use of such contributions is governed by agreements between UNIDO and the Government/donor. Upon termination, expiration, or revision of an agreement or receipt of other instructions from the Government/donor, any surplus remaining in a trust/other funds is returned to the Government/donor or disposed of as requested by the Government/donor;

(iv) Interest and miscellaneous income. Interest income arising from the RPTC is credited to the General Fund; however, the miscellaneous income relating to the RPTC is credited to the special account. Interest income arising from the special account for Buildings Management is credited to that account, and finally prorated to the Vienna-based organizations taking into account the funds contributed by them and the date of receipt of such funds in the account. Interest income arising from UNDP activities are credited to the operating fund account maintained with that organization. Interest income arising from the Industrial Development Fund, other than the general-purpose segment, as well as the trust funds (effective 1 January 2002) relating to technical cooperation activities is credited to accounts payable until instructions regarding its disposal are received from the donor. Until 31 December 2001, such interest related to trust funds was credited to project balances. With the new policy, interest income on IDF and trust funds is dealt with in a consistent manner. Interest accrued under the general-purpose segment of the Industrial Development Fund is credited to that Fund;

(v) The criteria for recording and reporting unliquidated obligations against the current biennium for the RPTC are the same as those for the regular budget; however, as stated in paragraph (o) above, these obligations are not subject to financial regulations 4.2(b) that requires that obligations shall remain available for twelve months following the end of the fiscal period to which they relate. For all other technical cooperation fund sources, obligations may be reported as expenditure of the current year on the basis of the following criteria:

Personnel services

The cost of salaries and related expenses corresponding to services rendered within the calendar year. Personnel services, in this context, includes temporary assistance and overtime as well as consultants who have subscribed to Special Service Agreements. However, when the remuneration of the consultant is expressed as a lump sum rather than a sum per period worked, the full cost of the contract may be treated as an obligation of the current year.

Supplies and equipment

The full cost of contracts or purchase orders entered into prior to the end of the year, whether or not delivery has been effected, as long as there is budgetary provision in the current period.

Subcontracts

An obligation can be maintained on the basis of the payment schedule included in the signed contract with the contractor. Where no payment schedule exists, the basis is the estimated timing of payments.

Fellowships

The cost of the fellowship from the date of commencement of study to completion of study or 31 December, whichever is earlier. The fellow must have been placed, i.e. the fellowship awarded to a named individual and the place, course and the duration of the study established and the recipient Government notified.

Travel

The full cost of travel, including the cost of transportation, subsistence allowances and other incidental expenses if travel started prior to the end of the calendar year.

Group training

The cost of activities held in the current year. In the case of activities beginning in one year and continuing into the next, the full cost of the activity should be charged to the current year.

(vi) Unliquidated obligations for the current period in respect of all technical cooperation activities other than the regular budget remain valid for 12 months following the end of the year, rather than the biennium, to which they relate. However, in accordance with UNDP reporting requirements, executing agencies may retain unliquidated obligations beyond 12 months when a firm liability to pay still exists; such liabilities are reported as accounts payable in the financial statements. Savings on or the cancellation of obligations relating to the RPTC are credited to the special account approved by the General Conference. Savings on or the liquidation of prior period obligations in respect of all other technical activities are credited to individual projects as a reduction of current period expenditure in accordance with UNDP reporting requirements. The UNDP requirements are also applied in the case of the Industrial Development Fund and trust funds.

(s) Trust funds. Director-General's bulletin UNIDO/DG/B.18/Rev.1 dated 15 May 1992 sets out revised policies for establishing and managing trust funds with effect from 26 May 1992. Extrabudgetary funds provided to reimburse the Organization for the use of its facilities are excluded from the provisions of UNIDO/DG/B.18/Rev.1.

(t) Special account for programme support costs:

(i) Reimbursement for programme support costs is provided for in respect of extrabudgetary technical cooperation activities. Reimbursement is calculated as a percentage of programme resources expended. However, during 2002, for certain projects financed by the Global Environment Facility, support cost was provided as a lump sum amount, the income on these projects was recorded on the basis of the actual resources expended during the year as compared to the total budget for such projects. The Montreal Protocol Fund, under a new arrangement that became effective January 2003, will make an annual lump sum payment of $1.5 million as support cost for the implementation of its programme/projects; this amount will be recorded as current year income. The Fund will also pay a reduced support cost in respect of each of its projects, which, similar to most other technical cooperation activities will be calculated as a percentage of programme resources expended;

(ii) Under the UNDP successor arrangements for agency support services for programme and policy development (SPPD) as well as support for technical services (STS) are reimbursed at standard unit cost per work-month, whereas for administrative and operational services reimbursement is calculated at the rate of 10 per cent for all services;

(iii) In the financial statements of the Organization, the special account for programme support costs is shown separately from the inter-organization funds, from which its income derives;

(iv) Unliquidated obligations in respect of the special account for programme support costs are accounted for on the same basis as for the regular budget.

(u) *Ex-gratia* payments made in accordance with financial rule 109.13 are reported in the notes to the financial statements of the respective fund pursuant to financial regulation 9.3.

Note 2. General Fund and Working Capital Fund

(a) Assessed contributions

The General Conference approved an amount of €133,689,800 for the regular budget for 2002-2003 (GC.9/Dec.17) to be financed from contributions by Member States, one half of which (€66,844,900) was assessed to Member States for 2002, in accordance with financial regulation 5.1(c).

(b) Revenue-producing activities

Gross revenue from the sale of UNIDO publications was €76,482, one half of which (€38,241) was transferred to the sales publication revolving fund. Sales promotional activities and other costs charged to the sales publication revolving fund of €39,943 resulted in a net deficit for 2002 of €1,702. The net balance of the sales publication revolving fund as at 31 December 2002 is €134,175.

(c) Interest income in excess of the budgetary estimates

Interest income in excess of the budgetary estimate (€800,000) for the year 2002 is €119,851; actual amount, if any, due for distribution to eligible Member States will be determined at the end of the biennium. Pursuant to decision GC.8/Dec.10, this amount is added to accounts payable established for this purpose in 1999. As at 31 December 2002, the balance in this account was €587,348, out of which funds amounting to €418,214 were credited to eligible Member States, in accordance with the "S" curve formula, when their assessed contributions for the year 2003 were calculated. For the disposal of the remaining €49,283 (i.e. €587,348—€418,214—€119,851), the Organization is awaiting instructions from the eligible Members.

(d) Miscellaneous income

Of the total miscellaneous income, €517,841 arises through the re-charge of EDP facilities to UNOV and CTBTO.

(e) Staff costs

A fund was established to provide cushioning against fluctuations in the Van Breda premiums. However, prior to 2002, the practice of paying money into the reserve fund had stopped and the fund was not being used to absorb further increases. Pursuant to a request from the UNIDO Staff Council and the recommendation at the 287th meeting of the Joint Advisory Committee, it was decided to fully distribute this reserve on an equal basis. The fund had a balance of €472,215 shown as accounts payable as at 1 January 2002 to which €7,821 was credited as interest income, thus resulting in a total amount of €480,036. This distribution took place in 2002.

(f) Regular Programme of Technical Cooperation and IDDA supplementary activities

An amount of €4,985,785 was recorded as 2002 expenditures, which include €3,982,392 for RPTC and €1,003,393 for IDDA supplementary activities. Of the RPTC expenditures of €3,982,392, the amount of €1,669,533 was recorded as actual project expenditures under technical cooperation activities in 2002.

The remaining balance as at 31 December 2002 of €2,312,859 (€3,982,392—€ 1,669,533) is reported under other reserves. This balance as well the 2003 appropriations have been or are being programmed, and it is expected that most of these resources will be utilized during the biennium. These resources have been placed in a special account that is not subject to financial regulations 4.2(b) and 4.2(c), which means that any unspent allocation will not form part of the unencumbered balance of the appropriations at the end of the biennium (see paragraph 1(o) above).

(g) Prior biennium adjustments

The credit of €9,111 is attributable to an additional United States income tax claim submitted to the Government of the United States of America in respect of United States income tax reimbursed to a UNIDO staff member in 1996 and 1997 under the tax reimbursement agreement.

(h) Savings on or cancellation of obligations from the prior biennium

A €4,315,698 net saving arises from the cancellation of 2000-2001 obligations. This amount consists of savings on the cancellation of obligations from the prior biennium of €4,559,778 plus exchange gains resulting from the settlement of prior biennium dollar obligations of €214,447 less expenditures relating to the prior biennium of €458,527.

This saving is further reduced by an amount of €182,293 ($180,667) as a result of the reimbursement to the IDF. In December 2001, funds from the general-purpose segment of the IDF amounting to $245,667 were temporarily used to cover overexpenditures under the RPTC ($180,667) and the projects implemented from the unencumbered balances of the appropriations ($65,000). This situation resulted from over-programming aimed at ensuring full implementation of the approved programmes, as well as the revaluation of accounts required under the split-currency system of assessment (reference note 3(b) of document IDB.26/2-PBC.18/3). This amount disclosed under transfers to/from other funds, therefore, reduces the budgetary surplus from the 2000-2001 biennium by €182,293.

(i) Accounts receivable—other

Accounts receivable—other include the Organization's claim amounting to €955,784 submitted to the Government of the United States of America in respect of United States income tax reimbursed to UNIDO staff members during the period 1994 to 1996 under the Tax Reimbursement Agreement. The Government of the United States of America had communicated to the Organization that it acknowledges this debt; however, no payment was received during 2002.

The Organization's claim to the International Atomic Energy Agency under the cost-sharing agreement for termination indemnity costs for Buildings Management staff separated during the 1995 staff reduction exercise is not resolved. The amount claimed is $644,500 (€723,774 at the United Nations operational rate of exchange approved by the ninth session of the General Conference (GC.9/Dec.15)). A provision for a possible write-off of this receivable is included in accounts payable.

(j) Reserve for exchange rate fluctuations

In order to protect the Organization from exchange rate fluctuations resulting from the introduction of the euro as a single currency for the preparation of the programme and budgets, appropriation and assessment, collection of contributions and advances, and currency of accounts, the General Conference (GC.8/Dec.16) authorized the Director-General to establish a reserve, not subject to the provisions of financial regulations. The dollar requirements for 2002-2003 were calculated using the January to December 2000 average United Nations euro/dollar exchange rate, i.e. €1 = $0.925754 (reference PBC.17/3-IDB.24/3), or $1 = €1.0802006. In view of a stronger euro, it is expected that the reserve, which, at present, has a zero balance, will receive a credit during 2003. The amount that would be transferred to the reserve would be the difference between the euro value of actual dollars expended and the budgeted cost of these dollars. No amount was transferred to the reserve as at 31 December 2002. An adjustment for the 2002-2003 biennium will be made in December 2003.

(k) Assessed contributions received in advance

Assessed contributions totalling €1,111,821 were received from Member States to be applied against the 2003 assessment. This amount includes €686,272 resulting from the amount renounced by Japan from its shares of the unencumbered balances of the appropriations, income from new Member States and interest

income in excess of budgetary estimates to be credited to a number of Member States (reference GC.9/Dec.10).

(l) Borrowings

At the time UNIDO became a specialized agency, an interest-free loan of $16,000,000 was received from the United Nations. The loan is repayable at the rate of $1,000,000 a year, commencing in 1990. The total amount due as at 31 December 2002 amounts to $3,000,000 (€2,874,000 at the United Nations operational rate of exchange as at 31 December 2002).

(m) Working Capital Fund

(i) The amount of the Working Capital Fund was set by the General Conference at $9 million (GC.2/Dec.27). The level of the Fund was reduced to $6,750,000 (GC.6/Dec.16) for the biennium 1996-1997 and was further reduced to $6,610,000 for the biennium 1998-1999 (GC.7/Dec.12); $6,610,000 was approved for the biennium 2000-2001 (GC.8/Dec.14), and the biennium 2002-2003 (GC.9/Dec.13). Effective 1 January 2002, the amount ($6,610,000) was converted to euros in accordance with GC.9/Dec.15, resulting in a Working Capital Fund of €7,423,030;

(ii) The advances received from Member States amounted to €7,347,001, thus an amount of €76,029 was outstanding at year end, which is shown as "other contributions receivable".

(n) Revaluation of non-euro obligations

Non-euro 2002 obligations have been revalued as at 31 December 2002 at the United Nations operational rate of exchange, resulting in a reduction in expenditure of €271,665.

(o) Commitments

Commitments of €334,621 representing legal obligations for which disbursements will be made in future years, were entered into prior to 31 December 2002. Non-euro commitments have been revalued at the United Nations operational rate of exchange as at 31 December 2002.

(p) Surplus due to Member States

The following is an analysis of the surpluses due to Member States, expressed in millions of euros after application of the provision for the delay in the collection of assessed contributions. The provision represents contributions receivable from Member States and new Member States for prior bienniums at balance sheet date. In accordance with General Conference decision GC.9/Dec.10, surpluses due to Member States for the bienniums 1992-1993, 1996-1997 and 1998-1999, as well as income from new Member States were set aside pending receipt of Member States' intentions as to the use of their share. As at 31 December 2002, instructions had not been received from Member States in respect of surpluses of €911,151 and income from new Member States of €41,204. These amounts are reported under accounts payable—other. Also under accounts payable—other is an amount of €93,295 in respect of surpluses due to non-eligible Member States.

	Surplus	Disposal of surpluses	Surpluses applied to assessments	Prior biennium adjustments	Surpluses due for distribution	Provisions for delays in the collection of contributions	Surpluses due to Member States	Remarks
2002	8.4						8.4	Provisional
2000-2001	10.3					6.6	3.7	
1998-1999	14.7	2.1	2.0	0.5	0.7	8.9	0.5	
1996-1997 (GC.8/Res.4)	46.8	4.6	1.9	(0.4)	0.2	40.3	0.2	
1994-1995 (GC.7/Dec.17)	35.4	15.6		0.3		47.2	(27.7)	
1992-1993 (GC.6/Dec.15) (GC.8/Dec.10) (GC.8/Res.4)	16.5	11.7	2.5			2.2	0.1	
1990-1991	9.8					1.2	8.6	Retained - GC.5/Dec.14
1988-1989	7.3					0.2	7.1	Retained - GC.4/Dec.15
1986-1987 (GC.4/Dec. 15)	4.8	4.8					0.0	
	154.0	38.8	6.4	0.4	0.9	106.6	0.9	
Contributions from new Member States	1.9	0.2	1.1		0.1	0.2	0.3	
Total	**155.9**	**39.0**	**7.5**	**0.4**	**1.0**	**106.8**	**1.2**	

(q) Contributions in kind

Contributions in kind estimated at €211,390 were received from Member States in support of the UNIDO field offices.

(r) Other reserves

Other reserves comprise the following:

	€000's
Separation indemnity reserves	5,503.3
Sales Publication Revolving Fund	134.2
Special account for RPTC (2002)	2,312.9
	7,950.4

(s) Separation indemnity reserves

Pursuant to decision GC.6/Dec.15, paragraph (e), the amount of $9,546,732 representing the balance of appropriations for the biennium 1992-1993, which was actually received by the Organization, was transferred to a separation indemnity reserve in 1995. The reserve had effectively been reduced to $991,717 (€1,113,698) by payments made during the period 1995 to 2001 amounting to $8,555,015. No payments were made during the year 2002, thus the balance remained at €1,113,698. Pursuant to decision GC.7/Dec.17, the amount of $13.9 million was transferred from the unencumbered balance of the appropriations for the biennium 1994-1995 for the funding of the separation indemnity reserve to meet the cost of staff separations resulting from the 1998-1999 programme and budgets. Unlike the previous allocation from the 1992-1993 biennium, the allocation from the 1994-1995 biennium was not supported by the actual cash, as large arrears for this biennium exist. This reserve had effectively been reduced to $3,908,824 (€4,389,609) by payments made during the period 1998-2001 of $9,991,176. No payments were made during 2002, thus the balance remained at €4,389,609.

(t) Eliminations

Eliminations comprise three elements as shown below:

(a) Buildings Management Services costs charged to UNIDO. An amount of €2,736,800 is eliminated from both operating costs and contractual services to avoid double counting of UNIDO's contribution to Buildings Management Services;

(b) Expenditure of €2,672,900 on RPTC and IDDA supplementary activities is re-analysed into its component parts;

(c) Interfund balances are adjusted by €572,400 revaluation item arising on consolidation of technical cooperation activities into euro statements.

(u) Long-term contracts

Long-term contracts awarded for the operation of the VIC are not reported as commitments, as they may be terminated at any time without penalty.

(v) Non-expendable equipment

The following table shows the non-expendable equipment, at cost, expressed in millions of euros, according to the cumulative inventory records of UNIDO as at 31 December 2002. In accordance with UNIDO accounting policies, non-expendable equipment is not included in the fixed assets of the Organization, but is charged against the appropriations when acquired. The minimum euro value per item of non-expendable property is €1,500.

Balance as at 1 January 2002	14.1
Deduct: adjustment	-
Add: acquisitions during 2002	0.5
Deduct: disposals during 2002	1.3
Balance as at 31 December 2002	13.3

(w) Contingent liabilities

(i) End-of-service payment to staff

In accordance with the decision taken by the Panel of External Auditors in 1989 at Manila, UNIDO calculated the amounts required to cover the estimated costs of contingency liabilities for end-of-service payments as at 31 December 2002.

In line with United Nations accounting standards, liabilities for end-of-service payments comprise end-of-service allowance, repatriation grant and compensation for accrued annual leave. To provide a more realistic picture, the amount required for the removal of household goods has also been included with effect from 2002. The valuation is based on the standard salary scale and the entitlements defined in the staff regulations and rules, as well as taking into account the cost of staff separating during the year 2002. They are estimated to be:

Regular budget	€22.1 million
Operational budget	€ 5.5 million

Post-retirement benefits are excluded.

It should be noted that no budgetary provision has been made, except in the case of the operational budget, as reflected in statement II and note 3(g) (operating reserve). There is a contingency reserve of €4.83 million ($4.3 million), which was effectively reduced to €2.49 million by negative fund balances as at 31 December 2002 (see note 3(g)).

(ii) The United Nations Joint Staff Pension Fund

Pursuant to Article 26(a) of the Regulations and Rules of the United Nations Joint Staff Pension Fund, member organizations are obliged to pay in the sum necessary to make good the deficiency in the event that the actuarial valuation of the Fund shows that its assets may not be sufficient to meet its liabilities under these regulations. The United Nations Joint Staff Pension Fund Secretariat is to determine the potential liability of each member organization. In the report of the twenty-sixth actuarial valuation of the United Nations Joint Staff Pension Fund, the Consulting Actuary has assessed the actuarial sufficiency of the Fund, and that there is no requirement for deficiency payments under Article 26 of the Regulations of the Fund as at 31 December 2001. The next actuarial valuation would be on 31 December 2003.

(iii) After-service health insurance

Staff members (their spouses, dependent children or survivors) retiring from service under the Pension Fund regulations at age 55 or later are eligible for after-service health insurance coverage after having been a participant in a contributory health insurance scheme of the common system for at least 10 years. The same applies to staff members receiving compensation for disability under Appendix D to the staff rules. Costs of participation in this scheme are borne on the basis of joint contributions by UNIDO and the participants concerned.

During the year 2002, the Organization's contribution to the scheme amounted to €1,480,255. The contributions against the Buildings Management Services amounted to €282,478, which were cost-shared with other Vienna-based organizations. In accordance with Programme and Budget Committee conclusion 2000/2, an actuarial study to determine the financial impact of the after-service health insurance was carried out, which shows the present level of unfunded liabilities as at December 2002 to be €47.3 million. A United Nations system-wide solution is being sought. The lead agency on this issue, established by the High-Level Committee on Management, Financial and Budget Network, is the United Nations.

(x) Common Fund for Major Repairs and Replacements

On 1 January 1981, an agreement between the Republic of Austria, the United Nations, and IAEA went into effect to establish a common fund for the purpose of financing the cost of major repairs and replacements of buildings, facilities and technical installations, which are the property of the Republic of Austria and form part of the Headquarters areas of the United Nations and IAEA at the Vienna International Centre. This agreement has also applied to UNIDO since 1986, when it became a specialized agency. The Fund is administered by UNIDO through a joint committee. Annual financial statements are prepared by UNIDO and audited by its Internal Oversight Group. The liability of each of the three Vienna-based organizations, which was under the agreement limited to $150,000 per year, i.e. $25,000 as an annual contribution and up to $125,000 as reimbursement of approved expenditures incurred in the previous year, was increased to $325,000 as of 1 January 1996. The Republic of Austria was liable to pay the balance exceeding the combined limit of $900,000 established for the three United Nations organizations. In 1999, an agreement was reached between the Vienna-based organizations and CTBTO to share the annual contribution as well as the annual expenditure equally among the four of them, i.e. $18,750 as an annual contribution and up to $225,000 as reimbursement of approved expenditure incurred in the previous year.

In 2002, an agreement was reached between the Vienna-based organizations and the Republic of Austria under which reimbursement of the disbursements made during the year 2001 ($988,626) was not required. Under this agreement, there will only be annual assessed contributions to the Fund as follows: the Republic of Austria (€1,235,300) and the Vienna-based organizations (€1,235,300). Furthermore, unexpected major repairs and replacements, which are not included in the agreed investment plan, will have to be shared by all parties. In the past, such costs were fully absorbed by the Austrian Government.

The Fund balance as at 31 December 2002 is €1,853,431.

Note 3. Other Headquarters funds

(a) Funds reported under this heading comprise:

(i) Special Account for Programme Support Costs;

(ii) Computer Model for Feasibility Analysis and Reporting (COMFAR);

(iii) Buildings Management Services (BMS).

(b) With effect from 1 January 2002, the General Conference approved BMS as a separate, self-balancing major programme in the programme and budgets for 2002-2003 (GC.9/Dec.17). All BMS expenditures are offset by income, i.e. contributions received from other Vienna-based organizations and from UNIDO. Consequently, under the UNIDO General Fund, only UNIDO's share of the BMS operations is included (reference IDB.24/3-PBC.17/3). In view of the above, BMS is reported under other funds rather than under General Fund and Working Capital Fund for the first time in 2002. The General Fund and Working Capital Fund now show only UNIDO's contribution to BMS costs. BMS operations are further split into two components:

(i) Staff costs: This continues to be subject to the provisions of financial regulations 4.2(b) and 4.2(c);

(ii) Special account for Buildings Management Services (for other than staff costs): The ninth session of the General Conference (GC.9/Dec.14) established with effect from January 2002 a special account for BMS (for other than staff costs), which is not subject to financial regulations 4.2(b) and 4.2(c). Thus the budgetary surplus, if any, will not require distribution to Member States. Each Vienna-based organization (UNIDO, IAEA, UNOV and CTBTO) is required to pay its share into this account. Interest income is credited to

the account. This amount is then prorated to each Vienna-based organization taking into account the funds contributed by it and the date of receipt of such funds in the special account.

Additional analysis of BMS operations is provided in schedule 4.1–supplementary and the analysis on the special account is provided in annex IV. The surplus on the special account for BMS costs of €4,386,485 does not form part of the unencumbered balances of the appropriations due to Member States at the end of the biennium.

(c) Voluntary contributions

Voluntary contributions include €186,481 renouncements as income from Member States to the special account for programme support costs (reference decision GC.9/Dec.10, through which the General Conference strongly encouraged Member States to consider renouncing their shares of the unencumbered balances of appropriations, income from new Member States and interest income in excess of budgetary estimates for the regular budget and/or for technical cooperation activities).

(d) Currency adjustment

The €744,276 exchange difference results primarily from the revaluation of the United States dollar cash and term deposits held by the special account for programme support costs.

(e) Net excess (shortfall) of income over expenditure

The following is an analysis of income and expenditure during 2002 for the funds reported under this heading:

Table 1

	Special account for programme support costs	Computer Model for Feasibility and Analysis	Buildings Management Services	Total
	(In thousands of euros)			
Income (including savings on cancellation of obligations from prior biennium)	10,170.7	324.1	17,950.7	28,445.5
Expenditure (including loss on exchange)	11,029.8	392.6	13,560.8	24,983.2
Net (shortfall) of income over expenditure	(859.1)	(68.5)	4,389.9*	3,462.3

* €4,386,485 relates to the special account (see annex IV).

(f) Other adjustments to reserves and fund balances

Commencing 2002, sales income under the Computer Model for Feasibility and Analysis is accounted for on a receipt rather than on an accrual basis, reflecting the fact that the initial invoices issued upon a sales enquiry are proforma. The fund balance is adjusted by €38,482 ($34,267) in respect of 'proforma' debtors from prior years still outstanding as at 31 December 2002.

(g) Operating reserve

An operating reserve, established in respect of the special account for programme support costs in accordance with PBC conclusion 1989/4 at $5,504,190 was reduced to $4,300,000 (€4,828,900) in accordance with Board decision IDB.14/Dec.12. The net reserve of $1,616,453 brought forward from 1999 was effectively increased by the positive fund balance of $1,362,457 for 2000-2001 to $2,978,910 (€3,345,316).

The reserve as at 31 December 2002 amounted to €2,486,203 (the opening balance of €3,345,316 less the 2002 deficit of €859,113).

(h) Commitments

Commitments, representing legal obligations for which disbursements will be made in future years, were entered into prior to 31 December 2002 as below. Non-euro commitments have been revalued at the United Nations rate of exchange as at 31 December 2002.

	€000's
Special account for programme support costs	81.1
Computer Model for Feasibility and Analysis	41.4
Buildings Management Services	7.8

(i) Revaluation of non-euro obligations

Non-euro 2002 obligations have been revalued as at 31 December 2002, resulting in a reduction in expenditure as follows:

	€000's
Special account for programme support costs	72.9
Buildings Management Services	1.0

(j) Contributions in kind

Contributions in kind estimated at €23,011 were received from Member States in support of UNIDO projects.

The net reserve as at 31 December 2002 amounted to €2,486,203. The deficit for 2002 amounted to €859,113.

Note 4. Technical cooperation

(a) Technical cooperation activities

Technical cooperation activities reported under this heading comprise activities executed by UNIDO with funds provided through the Industrial Development Fund, trust funds and inter-organization arrangements with UNDP and other organizations, as well as the special account for the implementation of integrated programmes from the unencumbered balances of the appropriations (GC.8/Res.4). These activities are governed by various agreements signed by the two parties, i.e. donor(s) and UNIDO.

(b) Euro presentation of technical cooperation activities

The significant majority of voluntary contributions are received in United States dollars for projects programmable almost exclusively in that currency. Currently, donor reporting is also undertaken in United States dollars (GC.9/Dec.15).

However, in order to present consolidated financial statements (Statements I and II) of UNIDO for the year ending 31 December 2002, all technical cooperation activities required conversion to euros.

Annex II, tables 1 and 2 are, therefore, provided in both United States dollars and euros.

The approach for preparing the euro statement is based on the following:

(i) Non-euro income, expenditure and changes in reserves and fund balances—other than as highlighted below—will be stated at the equivalent amount of euros applicable as at the deemed date of the transaction applying the United Nations operational rate of exchange as at that date;

(ii) Non-euro assets, liabilities, reserves and fund balances as at 31 December 2002 will be converted to a euro equivalent using the United Nations operational rate of exchange as at 31 December 2002 (reference GC.9/Dec.15);

(iii) The reserves and fund balances at the beginning of 2002 are based on the opening United States dollar values converted at a rate of US$1= €1.123 (GC.9/Dec.15);

(iv) The currency exchange adjustment figure essentially represents the realized gain or loss on non-euro transactions during the year and the savings achieved in 2002 on the liquidation of prior year United States dollar obligations;

(v) The 'Other adjustments to reserves and fund balances' figure is the gain or loss that would result from the revaluation of all non-euro assets, liabilities, reserves and fund balances to euros using the United Nations operational rate of exchange as at 31 December 2002.

(c) Separate disclosure of Montreal Protocol

For 2002, Montreal Protocol is disclosed separately in annex II. Previously, this had been combined with the statement for the Industrial Development Fund.

(d) Common Funds for Commodities

For 2002, these funds are correctly reported as part of trust funds and not the Industrial Development Fund. The transfer of the cumulative fund balance of $450,875 (€506,333) is reported within transfers to and from other funds.

(e) Interest on donor funds

For the Industrial Development Fund, other than the general pool, and from 2002 for trust funds, interest earned from the investment of funds, net of bank charges and realized exchange gain or loss, is represented as a liability within "Accounts payable—other". As at 31 December 2002, the amounts were as follows:

	US$000's	€000's
Industrial Development Fund	7,348.6	7,040.0
Trust funds	1,053.6	1,009.3
	8,402.2	8,049.3

The disposal of the interest income is governed by agreements with donors. This may include the return of such funds or the transfer of such funds to other projects, in which case they will be shown as voluntary contributions.

Prior to 2002, trust fund interest income, exchange gain or loss and bank charges would have been disclosed under "Other income". The new presentation more appropriately reflects the nature, legal status

and the timing as to when such amounts are considered additional programmable funds. The adoption of this policy has resulted in 2002 trust fund income being reported $1,053,600 less than it would have been under the previous policy ($1,635,000 for 2001).

Notwithstanding the above, interest income recorded under trust funds for 2002 principally relates to an adjustment for prior year interest on a project, which in 2001 was shown under the Montreal Protocol (part of the Industrial Development Fund).

Negative interest income recorded under the Global Environment Facility (GEF) in 2002 relates to an adjustment from 2001. GEF interest, net of bank charges, is recorded as a liability under "Accounts payable—other" ($162,400/€155,600 as at 31 December 2002).

(f) Unrealized exchange gains and losses

In accordance with the United Nations System Accounting Standards, monetary assets and liabilities are revalued at the United Nations operational rate of exchange in effect at 31 December 2002.

For the Industrial Development Fund and trust funds, the resultant unrealized gain is not distributed to donors as per (e) above on the grounds of prudence. These amounts, arising principally from the revaluation of euro cash and term deposits, are set aside within "Accounts payable—other" as follows:

	US$000's	€000's
Industrial Development Fund	673.8	645.5
Trust funds	2,187.7	2,095.8
	2,861.5	2,741.3

(g) Currency exchange adjustment

(i) Annex II, table 1 – US dollar statements

Table A shows the analysis of the currency exchange credit. A distinction is drawn between realized gains and losses resulting through the conduct of transactions in other than United States dollars and unrealized gains and losses resulting from the re-statement of non-United States dollar assets and liability values to an equivalent dollar value as at 31 December 2002.

For these funds, where contributions are received, programmed and disbursed almost exclusively in United States dollars, any unrealized gains or losses from the revaluation of non-United States dollar assets and liabilities, are recorded through table 1 and the programmable fund balance adjusted accordingly.

Table A

	Regular Programme	Montreal Protocol	GEF	Total
	(In thousands of US dollars)			
Realized On 2002 transactions	0.9	(5.2)	(0.1)	(4.4)
Unrealized Revaluation of non-US dollar assets and liabilities at 31 December 2002	1.2	6.9	3.8	11.9
Currency exchange adjustment	2.1	1.7	3.7	7.5

(ii) Annex II, table 1—euro statements

Table B shows the analysis of the currency exchange credit. A distinction is drawn between realized gains and losses resulting through the conduct of transactions in other than euros and the savings resulting from the 2002 settlement of United States dollar obligations from prior years at a different euro rate of exchange.

Table B

	Regular Programme	IDF	Montreal Protocol	GEF	Trust fund	Special account for IPs	Total
	(In thousands of euros)						
Realized On 2002 transactions	(3.3)		(6.4)	(0.1)			(9.8)
Euro savings on prior year US$ obligations		304.5	490.3	(3.0)	238.7	57.8	1,088.3
Currency exchange adjustment	(3.3)	304.5	483.9	(3.1)	238.7	57.8	1,078.5

(h) Transfers to reserves

This represents the charge to projects in respect of the provision for compensation payments under Appendix D to the staff rules.

(i) Reimbursement of the Industrial Development Fund

In December 2001, funds from the general-purpose segment of the Industrial Development Fund amounting to $245,667 were temporarily used to cover overexpenditures under the Regular Programme of Technical Cooperation ($180,667) and the projects implemented from the unencumbered balances of the appropriations ($65,000). This situation resulted from over-programming aimed at ensuring full implementation of the approved programmes, as well as the revaluation of accounts required under the split-currency system of assessment (reference document IDB.26/2-PBC.18/3).

During 2002, the Industrial Development Fund has been fully reimbursed with these funds from the savings realized on the cancellation of obligations, the transfer being reported within transfers to and from other funds.

(j) Cash and term deposits

Of the $171,102,200 (€163,916,000) cash balance, the equivalent of $1,949,100 (€1,867,200) is held in currencies classified as non-convertible, as follows:

	US$000's	€000's
Industrial Development Fund	1,377.7	1,319.8
Trust funds	552.5	529.3
Inter-organization arrangements	18.9	18.1
	1,949.1	1,867.2

(k) Operating reserves

The Industrial Development Board, in decision IDB.2/Dec.7, authorized the freezing of the operational reserve of the Industrial Development Fund at $550,000 (€526,900 at the United Nations rate of exchange as at 31 December 2002).

(l) Commitments

Commitments, representing legal obligations for which disbursements will be made in future years, were entered into prior to 31 December 2002, as below. Non-United States dollar commitments have been revalued at the 31 December 2002 United Nations rate of exchange:

	US$000's	€000's
Industrial Development Fund	4,065.4	3,894.7
Montreal Protocol	5,336.8	5,112.6
Global Environment Facility	3,749.7	3,592.2
Trust funds	3,718.5	3,562.3
Inter-organization arrangements	1,862.7	1,784.5
	18,733.1	17,946.3

Payments of $155,438 (€148,909) made in 2002 against future commitments are recorded as deferred expenditure under "Other assets".

(m) Revaluation of non-United States dollar obligations

Non-United States dollar 2002 obligations within technical cooperation (excluding inter-organization arrangements) have been revalued as at 31 December 2002. Expenditure is increased as follows:

	US$000's
Regular Programme of Technical Cooperation	8.0
Industrial Development Fund	44.8
Montreal Protocol	17.8
Global Environment Facility	2.6
Trust funds	49.5
	122.7

The revaluation was not reflected in an additional programme support cost, but the amounts were considered immaterial.

(n) Contributions in kind

Contributions in kind estimated at $60,856 (€58,300) were received from Member States in support of UNIDO projects and $6,200 (€5,940) in support of project travel.

(o) *Ex-gratia* payments

No *ex-gratia* payments were made in 2002.

(p) Field IOVs

The backlog amounting to $9,192,315 of unprocessed field inter-office vouchers as at 31 December 2001 was reduced to $3,697,328. This represents a normal amount of backlog, which results from the time required by the UNDP field offices to submit field inter-office vouchers to UNIDO and the need to process these in accordance with UNIDO's financial regulations, rules and other administrative instructions.

Note 5. Self-liquidating commercial activities (annex I)

VIC Catering Services

Contingency liabilities for termination benefits and indemnities claimed by the previous caterer (EUREST) were the subject of ongoing arbitration. An agreement was reached in February 2003 under which the previous caterer was paid an amount of €519,611 (excluding VAT) as a final settlement of all claims against the Vienna-based organizations. Funds were available within the old catering account to meet this obligation.

Non-expendable equipment used by the VIC Catering Services has been purchased by UNIDO on behalf of the Vienna-based organization. New non-expendable equipment in the amount of €219,433 was purchased in the year 2002. According to cumulative inventory records, the total value of such equipment amounts to €1,882,642. In accordance with agreements regarding the operation of the VIC, 82.68 per cent of the value of equipment acquired during 2002 was recovered from other agencies. The equipment has been used by the new caterer (WIWAG) since January 2000.

Details of the self-liquidating commercial activities are shown in the notes to the financial statements, annex I.

Notes to the financial statements—Annex I

SELF-LIQUIDATING COMMERCIAL ACTIVITIES

(Expressed in euros)

Table 1. VIC Catering Services —WIWAG

Statement of income and expenditure for the year ended 31 December 2002

Income		
	Gross sales	4,217,604
	Less: Cost of goods sold	1,442,791
	Net income from sales	2,774,813
	Other income	90,396
	Total income	2,865,209
Expenditure		
	Personnel services	2,157,275
	2002 variable management fee due to caterer	320,251
	Other	352,099
	Total expenditure	2,829,625
Excess (shortfall) of income over expenditure		35,584

Statement of assets and liabilities as at 31 December 2002

Assets		
	Cash	428,641
	Accounts receivable (including advances from old catering operation)	447,970
	Inventory	60,875
	Total assets	937,486
Liabilities and Reserves		
	Accounts payable	825,857
	Provision for replacement of expendable supplies	31,059
	Total liabilities	856,916
Fund balance		
	Balance available 1 January 2002	359,672
	Deduct: Transfer to caterer for 2001	314,686
		44,986
	Add: Excess of income over expenditure for 2002	35,584
	Balance available 31 December 2002	80,570
	Total liabilities and fund balance	937,486

Note: From 2002, 90 per cent of surplus due to caterer shown as expenditure and accounts payable rather than part of fund balance.

Table 2. VIC Catering Services —Eurest

Statement of income and expenditure for the year ended 31 December 2002

(Expressed in euros)

Income	
Gross sales	0
Less: Cost of goods sold	0
Net income from sales	0
Other income	15,543
Total income	15,543
Expenditure	
Personnel services	0
Other	70,295
Total expenditure	70,295
Excess (shortfall) of income over expenditure	(54,752)

Statement of assets and liabilities as at 31 December 2002

Assets	
Cash	333,690
Accounts receivable	36,862
Interest receivable	225
Advances to the new catering operation	350,000
Total assets	720,777
Liabilities	
Accounts payable	32,354
Total liabilities	32,354
Fund balance	
Balance available 1 January 2002	743,175
Add: Excess (shortfall) of income over expenditure	(54,752)
Balance available 31 December 2002	688,423
Total liabilities and fund balance	720,777

Notes to the financial statements—Annex II

TECHNICAL COOPERATION ACTIVITIES EXECUTED BY UNIDO

Table 1. Combined statement of income and expenditure and charges in reserves and fund balances for the year ended 31 December 2002

(In thousands of euros)

	Regular Programme	Industrial Development Fund	Montreal Protocol	GEF	Trust Fund	Inter-organization arrange-ments	Special Account for Integrated Programmes	*Subtotal Extra-budgetary Funds*	Total
INCOME									
Assessed contributions									
Voluntary contributions		25,304.0	28,337.6	9,580.4	23,557.4			*86,779.4*	86,779.4
Other income									
- Funds received under inter-organization arrangements						10,461.7		*10,461.7*	10,461.7
- Allocations from other funds	1,667.2								1,667.2
- Interest income		44.7	741.2	(11.7)	204.0			*978.2*	978.2
- Currency exchange adjustments	(3.3)	304.5	483.9	(3.1)	238.7		57.8	*1,081.8*	1,078.5
- Miscellaneous	3.8	0.2	(8.9)					*(8.7)*	(4.9)
TOTAL INCOME	1,667.7	25,653.4	29,553.8	9,565.6	24,000.1	10,461.7	57.8	*99,292.4*	100,960.1
EXPENDITURE									
Salaries and common staff costs	727.4	13,309.1	1,711.9	1,048.9	10,398.7	3,772.0		*30,240.6*	30,968.0
Contractual services	203.6	1,205.6	19,187.7	3,505.6	3,519.0	769.4		*28,187.3*	28,390.9
Operational expenses	77.5	999.1	383.2	33.3	836.9	376.9		*2,629.4*	2,706.9
Acquisitions	407.2	1,784.0	6,393.2	17.5	3,892.1	4,331.4		*16,418.2*	16,825.4
Fellowships	252.0	1,615.4	185.7	70.0	1,375.2	500.7		*3,747.0*	3,999.0
Programme support costs		2,394.6	3,431.2	467.5	2,196.7	711.3		*9,201.3*	9,201.3
TOTAL EXPENDITURE	1,667.7	21,307.8	31,292.9	5,142.8	22,218.6	10,461.7		*90,423.8*	92,091.5
EXCESS (SHORTFALL) OF INCOME OVER EXPENDITURE		4,345.6	(1,739.1)	4,422.8	1,781.5		57.8	*8,868.6*	8,868.6
Prior biennium adjustments									
Provision for delay in collection of contributions									
NET EXCESS (SHORTFALL) OF INCOME OVER EXPENDITURE		4,345.6	(1,739.1)	4,422.8	1,781.5		57.8	*8,868.6*	8,868.6
Savings on or cancellation of prior biennium's obligations							293.9	*293.9*	293.9
Transfers to reserves		66.1	4.8	5.6	42.0			*118.5*	118.5
Transfers from reserves									
Transfers to/from other funds		506.3			(506.3)		(65.6)	*(65.6)*	(65.6)
Credits to Member States									
Other adjustments to reserves and fund balances		(8,796.2)	(7,338.7)	(1,634.2)	(6,457.2)		(69.7)	*(24,296.0)*	(24,296.0)
Reserves and fund balances, beginning of year		48,317.9	34,668.9	7,074.5	34,729.2		(0.7)	*124,789.8*	124,789.8
RESERVES AND FUND BALANCES, END OF YEAR		44,439.7	25,595.9	9,868.7	29,589.2		215.7	*109,709.2*	109,709.2

Table 1. Combined statement of income and expenditure and changes in reserves and fund balances for the year ended 31 December 2002

(In thousands of United States dollars)

	Regular Programme	Industrial Development Fund	Montreal Protocol	GEF	Trust Fund	Inter-organization arrangements	Special Account for Integrated Programmes	*Subtotal Extra-budgetary Funds*	Total
INCOME									
Assessed contributions									
Voluntary contributions		23,522.1	26,268.8	9,065.9	21,883.4			*80,740.2*	80,740.2
Other income									
- Funds received under inter-organization arrangements						10,543.6		*10,543.6*	10,543.6
- Allocations from other funds	1,630.8								1,630.8
- Interest income		46.6	682.9	(10.5)	202.1			*921.1*	921.1
- Currency exchange adjustments	2.1		1.7	3.7				*5.4*	7.5
- Miscellaneous	3.6	0.2	(8.7)					*(8.5)*	(4.9)
TOTAL INCOME	1,636.5	23,568.9	26,944.7	9,059.1	22,085.5	10,543.6		*92,201.8*	93,838.3
EXPENDITURE									
Salaries and common staff costs	717.8	12,874.2	1,650.2	1,021.0	10,076.9	3,711.5		*29,333.8*	30,051.6
Contractual services	202.3	1,205.2	19,287.3	3,476.9	3,417.7	766.5		*28,153.6*	28,355.9
Operational expenses	76.2	984.4	380.5	34.0	830.8	385.2		*2,614.9*	2,691.1
Acquisitions	381.4	1,768.6	6,345.2	17.7	3,933.1	4,492.2		*16,556.8*	16,938.2
Fellowships	258.8	1,617.7	185.5	70.7	1,381.0	503.3		*3,758.2*	4,017.0
Programme support costs		2,269.7	3,254.0	442.4	2,073.7	684.9		*8,724.7*	8,724.7
TOTAL EXPENDITURE	1,636.5	20,719.8	31,102.7	5,062.7	21,713.2	10,543.6		*89,142.0*	90,778.5
EXCESS (SHORTFALL) OF INCOME OVER EXPENDITURE		2,849.1	(4,158.0)	3,996.4	372.3			*3,059.8*	3,059.8
Prior biennium adjustments									
Provision for delay in collection of contributions									
NET EXCESS (SHORTFALL) OF INCOME OVER EXPENDITURE		2,849.1	(4,158.0)	3,996.4	372.3			*3,059.8*	3,059.8
Savings on or cancellation of prior biennium's obligations							290.7	*290.7*	290.7
Transfers to reserves		62.2	4.4	5.2	39.6			*111.4*	111.4
Transfers from reserves									
Transfers to/from other funds		450.9			(450.9)		(65.0)	*(65.0)*	(65.0)
Credits to Member States									
Other adjustments to reserves and fund balances									
Reserves and fund balances, beginning of year		43,025.8	30,871.7	6,299.7	30,925.3		(0.6)	*111,121.9*	111,121.9
RESERVES AND FUND BALANCES, END OF YEAR		46,388.0	26,718.1	10,301.3	30,886.3		225.1	*114,518.8*	114,518.8

Table 2. Combined statement of assets, liabilities, and reserves and fund balances as at 31 December 2002

(In thousands of euros)

	Industrial Development Fund	Montreal Protocol	GEF	Trust Fund	Inter-organization arrangements	Special Account for Integrated Programmes	Total 2002
ASSETS							
Cash and term deposits	57,805.0	47,522.4	10,903.1	40,301.8	7,383.7		163,916.0
Investments							
Accounts receivable							
Assessed contributions receivable from Member States							
Voluntary contributions receivable							
Other contributions receivable					6,057.7		6,057.7
Less provision for delay in collection of contributions							
Interfund balances	310.1		802.9	598.7	2,585.5	217.8	4,515.0
Other	321.4	162.1	36.9	277.3	2,928.4		3,726.1
Other assets	135.6	46.0	17.2	90.4	4,523.6		4,812.8
TOTAL ASSETS	58,572.1	47,730.5	11,760.1	41,268.2	23,478.9	217.8	183,027.6
LIABILITIES							
Payments or contributions received in advance					13,015.0		13,015.0
Unliquidated obligations	4,675.5	12,833.5	1,717.2	6,343.9	5,983.9		31,554.0
Accounts payable							
Interfund balances		2,012.4					2,012.4
Other	9,456.9	7,288.7	174.2	5,335.1	4,480.0	2.1	26,737.0
Other funds and special accounts							
Other liabilities							
TOTAL LIABILITIES	14,132.4	22,134.6	1,891.4	11,679.0	23,478.9	2.1	73,318.4
RESERVES AND FUND BALANCES							
Operating reserves	526.9						526.9
Other reserves	1,201.2	4.2	5.0	1,053.0			2,263.4
Balances relating to projects funded by donors	40,095.7	25,591.7	9,863.7	28,536.2			104,087.3
Working capital funds							
Surplus (deficit)	2,615.9					215.7	2,831.6
TOTAL RESERVES AND FUND BALANCES	44,439.7	25,595.9	9,868.7	29,589.2		215.7	109,709.2
TOTAL LIABILITIES, RESERVES AND FUND BALANCES	58,572.1	47,730.5	11,760.1	41,268.2	23,478.9	217.8	183,027.6

Table 2. Combined statement of assets, liabilities, and reserves and fund balances as at 31 December 2002

(In thousands of United States dollars)

	Industrial Development Fund	Montreal Protocol	GEF	Trust Fund	Inter-organization arrangements	Special Account for Integrated Programmes	Total 2002
ASSETS							
Cash and term deposits	60,339.2	49,605.8	11,381.1	42,068.7	7,707.4		171,102.2
Investments							
Accounts receivable							
Assessed contributions receivable from Member States							
Voluntary contributions receivable							
Other contributions receivable					6,323.3		6,323.3
Less provision for delay in collection of contributions							
Interfund balances	323.7		838.1	624.9	2,698.8	227.3	4,712.8
Other	335.5	169.2	38.5	289.4	3,056.8		3,889.4
Other assets	141.6	48.0	18.0	94.4	4,721.9		5,023.9
TOTAL ASSETS	61,140.0	49,823.0	12,275.7	43,077.4	24,508.2	227.3	191,051.6
LIABILITIES							
Payments or contributions received in advance					13,585.6		13,585.6
Unliquidated obligations	4,880.5	13,396.1	1,792.5	6,622.1	6,246.2		32,937.4
Accounts payable							
Interfund balances		2,100.6					2,100.6
Other	9,871.5	7,608.2	181.9	5,569.0	4,676.4	2.2	27,909.2
Other funds and special accounts							
Other liabilities							
TOTAL LIABILITIES	14,752.0	23,104.9	1,974.4	12,191.1	24,508.2	2.2	76,532.8
RESERVES AND FUND BALANCES							
Operating reserves	550.0						550.0
Other reserves	1,253.9	4.4	5.2	1,099.1			2,362.6
Balances relating to projects funded by donors	41,853.6	26,713.7	10,296.1	29,787.2			108,650.6
Working capital funds							
Surplus (deficit)	2,730.5					225.1	2,955.6
TOTAL RESERVES AND FUND BALANCES	46,388.0	26,718.1	10,301.3	30,886.3		225.1	114,518.8
TOTAL LIABILITIES, RESERVES AND FUND BALANCES	61,140.0	49,823.0	12,275.7	43,077.4	24,508.2	227.3	191,051.6

Table 3. Summary of transactions on sub-accounts of the Industrial Development Fund for the year ended 31 December 2002

(In United States dollars)

	Fund balance as at 01/01/2002	Cash received 2002	Expenditures 2002	Misc. income incl. General Pool interest	Fund balance as at 31/12/2002
General-purpose convertible	2,130,010	1,381,909	828,202	46,821	**2,730,539**
Agence de Coopération Culturelle et Technique	44,292	0	28,749	0	**15,543**
Agence Wallonne à l'Exportation	223,679	237,602	201,469	0	**259,811**
Australia	2,923	120	2,996	0	**48**
Austria	3,071,767	2,647,662	1,756,496	200	**3,963,133**
Austria—Integrated Programme	1,043,477	209,540	349,328	0	**903,689**
Bahrain	82,448	645,587	430,487	0	**297,549**
Belgium	824,477	46,768	244,546	0	**626,699**
Brazil	147,931	0	70,409	0	**77,522**
China	1,133,318	508,156	131,038	0	**1,510,436**
Costa Rica	(660)	660	0	0	**0**
Côte d'Ivoire	(109,207)	589	0	0	**(108,618)**
Czech Republic (Ministry of Agriculture)	179,314	37,278	42,894	0	**173,698**
Czech Republic (Ministry of Trade and Industry)	28	0	0	0	**28**
Democratic People's Republic of Korea	34,319	6,471	0	0	**40,790**
Denmark	4,717,856	1,412,064	1,467,742	0	**4,662,178**
Ecuador	0	1,901	0	0	**1,901**
Egypt	(101,718)	0	0	0	**(101,718)**
Finland	172,190	66,546	22,637	0	**216,099**
France (Ministère des Affaires Etrangèr)	386,744	1,114,487	1,066,411	0	**434,820**
France (Ministère d'Agriculture)	846,043	26,442	42,993	0	**829,492**
Germany	517,910	(51,610)	8,989	(7)	**457,304**
Germany—Deutsche Gesellschaft für Technische Zusammenarbeit	0	279,320	66,463	0	**212,857**
Greece	573,021	293,092	474,665	0	**391,448**
Guatemala	560,125	284,450	315,950	300	**528,926**
Honduras	39,682	(39,682)	0	0	**0**
Hungary	623,578	242,932	376,274	0	**490,236**
India	1,945,303	1,192,671	273,713	0	**2,864,261**
Ireland	70,811	7,674	46,975	0	**31,510**
Italy	8,994,962	3,330,095	4,102,427	0	**8,222,629**
Japan	2,967,637	90,164	2,197,032	0	**860,769**
Japan Overseas Development Corporation, Bangkok	0	23,000	22,576	0	**424**
Kuwait	129,209	4,144	28,241	0	**105,112**
Kuwait Institute	(279)	0	0	0	**(279)**
Lebanon	0	601	0	0	**601**
Luxembourg	3,056	406,869	430,797	0	**(20,872)**
Myanmar	0	577	0	0	**577**
Netherlands	1,825,413	(281,689)	410,564	(1,388)	**1,131,773**
New Zealand	32,657	1,306	0	0	**33,963**
Norway	156,049	26,458	0	0	**182,507**
Norway—Integrated Programme	477,911	0	257,467	0	**220,444**
Poland	146,779	425,774	463,966	0	**108,587**

	Fund balance as at 01/01/2002	Cash received 2002	Expenditures 2002	Misc. income incl. General Pool interest	Fund balance as at 31/12/2002
Portugal	903,576	360,491	0	0	**1,264,067**
Republic of Korea	1,015,118	441,182	120,257	0	**1,336,043**
Rockefeller Foundation	(335)	0	(2,402)	0	**2,067**
Romania	0	13,434	0	0	**13,434**
Russian Federation	0	352,450	0	0	**352,450**
Rwanda	0	350	0	0	**350**
Saudi Arabia	1,347,206	55,289	(6,662)	0	**1,409,157**
Slovakia	121,133	63,945	124,119	0	**60,959**
Spain	982,800	704,038	173,317	0	**1,513,520**
Sweden	0	113,025	26,686	0	**86,339**
Switzerland	994,442	4,998,102	3,091,144	3,296	**2,904,696**
Thailand	7,729	11,134	13,952	0	**4,911**
Turkey	37,813	205	38,034	0	**(16)**
United Kingdom—Integrated Programme	1,464,275	1,539,386	845,772	0	**2,157,888**
Undetermined	(134,773)	0	808	125,126	**(10,455)**
Venezuela	61	(61)	0	0	**0**
Total special-purpose convertible	38,502,092	21,850,986	19,759,319	127,527	**40,721,286**
China	104,507	9,420	44,714	0	**69,213**
Cuba	349,148	0	0	0	**349,148**
Czech Republic (Ministry of Foreign Affairs)	(3,593)	0	0	0	**(3,593)**
Egypt	(45,546)	0	0	0	**(45,546)**
Egyptian Iron and Steel Co.	31,942	0	0	0	**31,942**
India	492,656	33,133	(8,978)	0	**534,767**
Poland	44,714	0	0	0	**44,714**
Romania	183	0	0	0	**183**
Russian Federation	(2,613)	0	0	0	**(2,613)**
Slovakia	129,999	119,163	96,535	0	**152,627**
Technology Information, Forecasting and Assessment Council, New Delhi	388	0	0	0	**388**
Turkey	753	0	0	0	**753**
Undetermined	295	0	0	0	**295**
Total special-purpose non-convertible	1,102,833	161,716	132,271	0	**1,132,278**
GRAND TOTAL	41,734,935	23,394,611	20,719,791	174,348	**44,584,103**

Note to the above:

(a) From 2002, Montreal Protocol is reported separately in Annex II and not part of the IDF (see note 4(c)).

(b) For 2002, Common Funds for Commodities are reported as part of trust funds and not part of the IDF (see note 4(d)).

Table 4. Summary of technical cooperation activities financed by trust funds for the year ended 31 December 2002

(In United States dollars)

	Fund Balance 01/01/2002	Contributions received and miscellaneous income 2002	Expenditures 2002	Fund Balance 31/12/2002
Projects financed by recipient Governments				
Algeria	106,155	0	30,793	**75,362**
Argentina	424,860	0	0	**424,860**
CICELPA—Centro de investigacion de celulosa y p	57,779	0	56,572	**1,207**
Bolivia	12,460	0	0	**12,460**
Brazil	394,869	0	71,468	**323,401**
Belarus	26,204	0	0	**26,204**
Chile	6,824	0	0	**6,824**
Colombia	421,218	383,695	521,557	**283,356**
China	411,435	556,410	314,683	**653,163**
Ecuador	0	400,000	30,304	**369,696**
Social Fund For Development, Egypt	141,347	12,500	52,104	**101,743**
Gabon	17,868	0	4,297	**13,571**
Honduras	7,374	40,005	42,165	**5,213**
India	1,023,887	881,898	662,442	**1,243,343**
Iran, Islamic Republic Of	64,885	0	0	**64,885**
Org. Of Invest., Economic & Tech. Assist Of Iran	51,622	0	4,301	**47,322**
Iraq	210,936	0	0	**210,936**
Cote D'Ivoire	25,721	209,980	209,990	**25,710**
Lebanon	24,958	63,900	48,406	**40,452**
Benghazi Dev. Centre	8,093	0	0	**8,093**
General Pipe Co.	2,700	0	0	**2,700**
Oil Training Qualifying Institute, Libya	24,976	250	0	**25,226**
Industrial Research Centre Of Libya	10,049	0	0	**10,049**
Secretariat Of Strategic Industr., Libya	53,081	0	0	**53,081**
Madagascar	135,093	0	0	**135,093**
Mauritius	30,815	0	5,537	**25,277**
Mexico	1,220	111,732	67,656	**45,295**
Nigeria	1,013,400	0	278,319	**735,081**
Oman	11,311	0	0	**11,311**
Panama	10,057	0	0	**10,057**
Paraguay	17,780	0	0	**17,780**
Russian Federation	251,244	(14,845)	107,017	**129,383**
Russia—The Foundation NEM & CPCOGI	33,786	20,000	32,853	**20,933**
Saudi Arabian General Investment Authority	190,598	0	64	**190,534**
Saudi German Hospitals Group	1,004	110,000	(885)	**111,889**
Slovenia	15,662	0	(7,013)	**22,674**
Thailand	8,651	0	0	**8,651**
Turkey	13,444	224,432	30,067	**207,809**
Subtotal	5,263,364	2,999,957	2,562,699	**5,700,623**

	Fund Balance 01/01/2002	Contributions received and miscellaneous income 2002	Expenditures 2002	Fund Balance 31/12/2002
Associate Experts & JPOs				
Austria	95,144	44,644	52,443	**87,345**
Belgium	327,845	9,172	197,288	**139,729**
Denmark	249,404	685,561	568,002	**366,963**
France	97,245	0	70,016	**27,229**
Germany	69,280	0	25,889	**43,391**
Italy	215,637	625,181	462,445	**378,372**
Japan	669,304	0	92,786	**576,518**
Netherlands	532,768	348,146	295,473	**585,442**
Norway	1,533	394,837	179,315	**217,054**
Republic Of Korea	0	141,778	72,552	**69,226**
Russian Federation	45,092	66,364	46,097	**65,359**
Spain	89,787	0	76,940	**12,847**
Switzerland	0	146,406	44,290	**102,115**
Subtotal	2,393,039	2,462,087	2,183,537	**2,671,589**
JPOs Travel				
Austria	31,497	0	0	**31,497**
Belgium	159,283	(9,172)	(9,172)	**159,283**
Denmark	22,254	0	500	**21,754**
Germany	5,376	3,785	0	**9,161**
Japan	58,695	0	0	**58,695**
Netherlands	310,775	0	0	**310,775**
Norway	31,777	(31,000)	0	**777**
Switzerland	20,644	(20,644)	0	**0**
Subtotal	640,301	(57,031)	(8,672)	**591,942**
Projects financed by donor Governments				
Australia	13,808	0	1,953	**11,855**
Austria	99,223	0	58,371	**40,852**
Belgium	223,507	0	101,849	**121,659**
Canada	13,770	0	0	**13,770**
Czech Republic	129,766	0	69,671	**60,095**
Denmark	601,248	387,843	22,600	**966,491**
Finland	405,751	0	109,880	**295,871**
France	895,934	297,872	704,196	**489,610**
Greece	25,761	0	2,224	**23,537**
Italy	6,519,465	8,316,671	6,118,345	**8,717,791**
Japan	4,623,704	3,835,743	4,359,137	**4,100,311**
Japanese Embassy—Guinea TF/GUI/00/001	118	0	(1,418)	**1,536**
Norway	2,482	0	0	**2,482**
Republic Of Korea	379,883	331,211	242,405	**468,690**
Korean Research Inst. Of Standards & Scie	201,766	0	61,436	**140,330**
Slovakia	7,398	0	0	**7,398**

	Fund Balance 01/01/2002	Contributions received and miscellaneous income 2002	Expenditures 2002	Fund Balance 31/12/2002
Sweden	0	57,852	15,316	**42,536**
United Kingdom	649,589	350,000	225,425	**774,163**
United States Of America	378,978	0	0	**378,978**
Subtotal	15,172,151	13,577,192	12,091,388	**16,657,955**
Undefined	59,675	1,023,092	564,689	**518,078**
Subtotal	59,675	1,023,092	564,689	**518,078**
Other Trust Funds				
Centro De Investigaciones Textiles	116,969	0	0	**116,969**
Premag Handelsges.M.B.H, Austria	2,595	0	0	**2,595**
Bahrain Development Bank—SFBAH99001	5,624	0	0	**5,624**
Servicio Nat.De Aprendizagem Ind.	280,746	244,626	261,398	**263,974**
Beni-Suef Cement Company, Cairo	33,822	0	0	**33,822**
European Union	1,419,787	15,544	1,060,156	**375,175**
European Union Commission	0	111,220	16,122	**95,098**
CFC—FC/RAF/96/001	(320,044)	215,456	223,858	**(328,447)**
CFC—FC/INT/97/021	17,687	64,514	37,662	**44,539**
CFC—FC/RAS/00/153	(148,518)	223,934	88,768	**(13,352)**
International Development Association	144,471	0	0	**144,471**
Shahid Modarres Ind.Pharmac. Complex	53,878	0	0	**53,878**
Iran Itok Engineering & Technological Co	10,646	(10,646)	0	**0**
Sezione Spez.Per L'assicuraz.Del Credito	36,448	0	0	**36,448**
Engineering Consulting Firms Ass., Japan	11,441	0	0	**11,441**
Mitsui & Co. Ltd., Tokyo	9,781	(9,781)	0	**0**
Procter & Gamble Far East Inc. Japan	475	0	0	**475**
Chugoku Electric Power Co. Inc, Japan	0	119,780	18,865	**100,915**
Eastern & Southern African Leather Indus	56,976	25,290	42,899	**39,368**
Petrol.Nasion.Berhad(Petronas)Kualalump	28,179	0	0	**28,179**
Alcoa Inter America, Inc.	17,507	0	0	**17,507**
Cement Company Of Northern Nigeria	254,193	(254,193)	0	**0**
Ass.Mining Industries Nigeria Ltd.	26,729	0	0	**26,729**
New Nigeria Development Co, Kaduna	28,325	0	0	**28,325**
Nigerian Nat. Petroleum Corp., Lagos	566,380	0	58,370	**508,010**
Norwegian Agencyt For Dev.Coop.(NORAD)	2,271,054	583,779	1,808,903	**1,045,930**
Fed. Chemical & Ceramics Corp., Islamabad	(1,677)	0	0	**(1,677)**
Inversiones Cofide S.A., Peru	15,405	0	0	**15,405**
Magnetti Marelli:Fiat Group TFIND99009	6,965	0	(3,139)	**10,103**
Islamic Development Bank, Jeddah	25,231	52,012	64,413	**12,831**
Gulf Co-Operation Council	11,676	0	0	**11,676**
Africa Region	73,665	0	(7,242)	**80,907**
Badea: Arab Bank For Econ. Dev. In Africa	2,450	0	0	**2,450**
Nadsme—Slovak Republic, Bratislava (SF)	8,181	0	0	**8,181**
Ceylon Steel Corporation, Colombo, Sri L	5,284	0	0	**5,284**

	Fund Balance 01/01/2002	Contributions received and miscellaneous income 2002	Expenditures 2002	Fund Balance 31/12/2002
IFAD (Int.Fund For Agric.Development)	74,646	2,450	22,995	**54,101**
Sudan	329	0	0	**329**
Swed.Int.Enterprise Dev.Corp.(Swedcorp)	245,383	(31,113)	44,027	**170,243**
Staudhammer Finanz AG, Switzerland	3,357	0	0	**3,357**
Tesid Turkish Electronic Ind. Assoc.	1,781	0	0	**1,781**
Arthur Andersen & Co., U.K.	4,732	(4,732)	0	**0**
Unilever Research Bebington	2,497	0	0	**2,497**
Un Fund For International Partnership	462,668	732,110	581,528	**613,250**
The Ford Foundation, New York	1,762	0	0	**1,762**
Epstein Engineering Export Ltd, Chicago	807	0	0	**807**
Us Agency For Int. Development, Virginia	(399)	0	0	**(399)**
Yemen Corp.For Cement Ind.And Marketing	15,708	0	0	**15,708**
UNDP/UNDHA	499	0	0	**499**
FAO	275	0	0	**275**
Subtotal	5,886,375	2,080,249	4,319,581	**3,647,042**
GRAND TOTAL	29,414,905	22,085,546	21,713,222	**29,787,229**

Note to the above:

(a) For 2002, Common Funds for Commodities are reported as part of trust funds, and not the IDF (see note 4(d)).

(b) From 2002, interest on donor funds is not recorded as income for the year, but reported as a liability (see note 4(e)).

Table 5. Summary of technical cooperation activities for the year ended 31 December 2002 financed under inter-organization agreements

(In United States dollars)

	Project expenditure	Programme support	Total expenditure
UNDP			
UNDP main programme	1,255,111	131,485	1,386,596
Support services for policy and programme development	773,767	197,664	971,431
Support for technical services at the project level	102,688	60,887	163,575
Project for which UNIDO is the associated agency	332,718	19,021	351,739
Government-executed projects for which UNIDO is the implementing agency	1,675,760	157,931	1,833,691
UNDP trust funds	5,718,637	117,899	5,836,536
	9,858,681	684,887	10,543,568

Annex III

OPERATING FUNDS - UNDP AND UNDP TRUST FUNDS

Report No. 1

UNITED NATIONS DEVELOPMENT PROGRAMME
(Name of Executing Agency)
(UNIDO)

Status of Funds as at 31 December 2002
(expressed in United States dollars)

		US$	US$
Operating Fund			
	Initial balance reported by UNIDO at 1 January 2002		5,277,490
Add:	Cash drawings		(1,000,000)
	Revised balance reported by UNIDO at 1 January 2002		4,277,490
Add:	Cash drawings from UNDP	(6,200,000)	
	IOV's	20,666,846	
	Other charges/credits (net)	(297,251)	
	Miscellaneous income and exchange adjustments (net) (Report No. 8)	6,121	
	Miscellaneous items refunded to UNDP (net) (Report No. 8)	(160,615)	14,015,101
			18,292,591
Less:	Expenditure and support costs for lines implemented for self-executed projects (Executing PDRs)	2,521,602	
	Expenditure and support costs for lines implemented for projects executed by other agencies and Governments (Implementing PDRs)	2,185,430	4,707,032
Balance at 31 December 2002			13,585,559
Represented by:			
	Cash at banks, on hand and in transit	7,707,395	
	Accounts receivable (Report No. 9)	9,796,214	17,503,609
	Less: Accounts payable (Report No. 10)	3,091,607	
	2002 Unliquidated obligations	826,443	3,918,050
	Balance at 31 December 2002		13,585,559

REPORT 13

STATEMENT I

REPUBLIC OF KOREA FUND FOR THE TUMEN REGION
(Title of Trust Fund)
(Name of Participating and Executing Agency)
(UNIDO)

Status of Funds at 31 December 2002

(expressed in United States dollars)

Operating Fund

		$	$
Balance at 1 January 2002			(44,592)
Add:	Cash drawings from UNDP		74,474
	IOV's		
	Other charges/credits (net)		
	Miscellaneous income and exchange adjustments (net) (Report No. 19)		
	Miscellaneous items refunded to trust fund (net) (Report No. 18)		
			29,882
Less:	Expenditure during 2002		
	For projects		
	Disbursements (Report No. 15A)	33,816	
	Unliquidated obligations (Report No. 16)	32,019	
	For AOS (Report No. 15A)	6,374	72,209
			(42,327)
Add/subtract:	Adjustments to prior years (Report No. 15B):		
	Expenditure		
	Support costs		
	AOS		
Balance at 31 December 2002			(42,327)
Represented by:	Cash at banks, on hand and in transit		
	Accounts receivable (Report No. 20)		
Less:	Accounts payable (Report No. 21)	10,308	
	Unliquidated obligations (Report No. 16)	32,019	(42,327)
			(42,327)

REPORT 13

STATEMENT I

GLOBAL ENVIRONMENTAL FACILITY
(Title of Trust Fund)
(Name of Participating and Executing Agency)
(UNIDO)

Status of Funds at 31 December 2002

(expressed in US dollars)

Operating Fund

		$	$
Balance at 1 January 2002			(4,028,884)
Add:	Cash drawings from UNDP	3,512,227	
	IOVs		
	Other charges/credits (net)		
	Miscellaneous income and exchange adjustments (net) (Report No. 19)		
	Miscellaneous items refunded to trust fund (net) (Report No. 18)		3,512,227
			(516,657)
Less:	Expenditure during 2002		
	For projects		
	Disbursements (Report No. 15A)	1,394,218	
	Unliquidated obligations (Report No. 16)	4,258,584	
	For AOS (Report No. 15A)	111,525	5,764,327
			(6,280,984)
Add/subtract:	Adjustments to prior years (Report No. 15B):		
	Expenditure		
	Support costs		
	AOS		
Balance at 31 December 2002			(6,280,984)
Represented by:	Cash at banks, on hand and in transit	0	
	Accounts receivable (Report No. 20)	2,698,525	2,698,525
Less:	Accounts payable (Report No. 21)	4,720,925	
	Unliquidated obligations (Report No. 16)	4,258,584	8,979,509
			(6,280,984)

Annex IV

SPECIAL ACCOUNT FOR BUILDINGS MANAGEMENT SERVICES (FOR OTHER THAN STAFF COSTS)

Statement of income and expenditure for the year ended 31 December 2002

(In euros)

INCOME		
Annual contribution		
IAEA	6,107,875	
UNIDO	2,016,169	
UNOV	2,558,626	
CTBTO	958,030	
Interest income		11,640,700
Currency exchange loss		53,989
Miscellaneous income		(43)
		16,450
TOTAL INCOME		**11,711,096**
EXPENDITURE		
Rental and maintenance of premises		2,565,290
Utilities		4,667,243
Supplies and materials		54,770
Capital goods		27,784
Bank charges		873
Other general operating expenses		8,651
TOTAL EXPENDITURE		**7,324,611**
EXCESS (SHORTFALL) OF INCOME OVER EXPENDITURE FOR 2002		**4,386,485**

SPECIAL ACCOUNT FOR BUILDINGS MANAGEMENT SERVICES (FOR OTHER THAN STAFF COSTS)

Statement of assets, liabilities, reserves and fund balances as at 31 December 2002

(In euros)

ASSETS

Cash	4,988,062
Accounts receivable	
VAT/energy tax/ELWOG	940,469
Contributions receivable	
IAEA	1,526,969
UNIDO	504,042
CTBTO	129,839
Other	5,055
TOTAL ASSETS	**8,094,436**

LIABILITIES

Unliquidated obligations	2,339,841
Accounts payable	
Advances[1]	1,361,911
Other	6,199
TOTAL LIABILITIES	**3,707,951**

FUNDS BALANCE

Balance available as at 1 January 2002	0
Add: Excess of income over expenditure for 2002	4,386,485
Balance available as at 31 December 2002[2]	4,386,485
TOTAL RESERVES AND FUND BALANCE	**4,386,485**
TOTAL LIABILITIES, RESERVES AND FUND BALANCE	**8,094,436**

[1] The advances (€1,361,911) comprise of amounts of IAEA (€851,964), UNOV (€380,648) and CTBTO (€129,299) in respect of the asbestos removal programme. As at 31 December 2002, CTBTO had not paid this advance and the amount is also shown under contributions receivable. In 2003, IAEA's share was refunded upon receipt of instruction. No invoice was issued to UNIDO for these costs, in compliance with UNIDO's financial regulation 4.2(b).

[2] The fund balance comprises the following:

	IAEA	UNIDO	UNOV	CTBTO	Total
Annual contribution	6,107,875	2,016,169	2,558,626	958,030	**11,640,700**
Interest (net of bank charges)	22,335	18,306	9,877	2,598	**53,116**
Net expenditure	(3,834,157)	(1,265,630)	(1,606,151)	(601,393)	**(7,307,331)**
	2,296,053	**768,845**	**962,352**	**359,235**	**4,386,485**